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# FINANCIALTIMES

Wednesday June 12 1985

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### World news Business summary

# Socialist union criticises **Paris**

France's normally pro-Socialist CFDT union confederation criti-cised the employment policies of the Paris Government.

In the UK the Labour Trades Union Congress is to consider pro-posals today which would make Britain's leading companies nego-tiate corporate development plans with a future Labour government,

### **Bush to Europe**

U.S. Vice-President George Bush will visit several West European capitals this month to confer with officials on arms control, security issues and international trade.

### Agca blames Soviets

Mehmet Ali Agca, the Turk who tried to kill Pope John Paul four years ago, told a Rome court that the order to kill the pontiff came from the Soviet embassy in the Bulgarian capital, Solia.

### Airliner hijacked

A hijacked Jordanian airliner with about 70 people on board took off from Palermo for an unknown des-tination after being refuelled.

### NYSE strike off

New York Stock Exchange clerical workers and pages called off a strike minutes before it was due to start after reaching a tentative agreement on a new contract.

### Iraqi attack

Iraqi war jets killed 41 people and wounded 51 in attacks on the Kurdish town of Sardasht in north-western Iran, Teheran said.

### Sri Lanka biast

Separatist Tamil guerrilles blew up a hotel in Sti Lanka's Eastern Province after security forces arrested about 50 guerrillas.

### Politician steps down

Leading West German opposition politician Walter Kolbow stepped down as vice-chairman of the Bonn parliament's defence committee, following allegations that he passed state secrets to the press.

### Mengele 'dead'

Josef Mengele's son Rolf said his father, the most wanted Nazi war cri-minal still unaccounted for, died near Sao Paulo, Brazil, six years ago. Page 2

### Police blamed

An official inquiry into the killing of 20 black marchers by South African police in March blamed the police for failing to carry proper riot con-trol equipment such as teargas and rubber bullets. Page 5

### E. German flees

An East German mechanic climbed over border fortifications in the Harz mountains and reached West Germany unharmed. He was the second East German in 24 hours to flee to Lower Saxony.

### U.S. in spy swap The U.S. handed over four convicted spies in return for 23 prisoners from East German and Polish jails.

# Captain charged

The captain of a West German coaster involved in an incident which damaged a British car ferry off the Dutch coast last week has been charged with drunkeness and gross negligence.

### Workers' paradise

Three-quarters of Saudi Arabia's government employees arrive late for work and one sixth of them do not work at all, according to an offi-

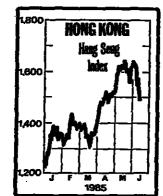
# Fears on banks hit HK stocks

No. 29,647

HONG KONG stocks fell sharply on renewed concern over the rescued Overseas Trust Bank and rumours that at least two medium-sized banks may also be in trouble. The Hang Seng index shed 79.74 to 1,492.13. Depositors reassured, Page 21, Government injection for Mass Transit Railway, Page 21, Stock market report, Page 42

TOKYO stocks were boosted by a revival of buying interest towards the close. The Nikkei-Dow market average surged 75.59 to 12,758.93.

LONDON issues moved shead de spite a continuing dearth of activity. The FT Ordinary share index dded 7.1 to 998.4. Page 42 WALL STREET: The Dow Jones in dustrial average at 2pm was 4.37 lower at 1,314.07. Page 42



DOLLAR eased in London, closing at DM 3.088 (DM 3.102), SwFr 2.598 (SwFr 2.612), FFr 9.4125 (FFr 9.4525) and Y249.85 (Y250.45). On Bank of England figures, the dol-lar's exchange rate index fell from 146.3 to 145.7. Page 35

STERLING gained 55 points against the dollar in London to close at \$1.263. It was also firmer at Y315.5 (Y315.0), was unchanged at viously. Page 35

GOLD rose \$3 an ounce on the London bullion market to finish at \$315.25. It was also higher in Zurich at \$315.25. Page 34. Gold prices are poised to rise, according to the se-nior deputy governor of the South African Reserve Bank. Page 2

DAVID MURDOCK, Los Angeles financier, has sold his 20 per cent stake in Continental Group to Peter Kiewit Sons Inc, his partner in last year's \$2.7bn buyout of the packaging and insurance conglomerate.

COLOMBIA agreed final terms on the \$1bn credit it is seeking from its commercial bank creditors to cover its external financing needs this year and next.

LIBERTY LIFE Association, a leading South African life assurance company, launched a £173m (\$218m) takeover bid for Capital & Counties, British property group. Liberty said the bid had been triggered by the technicalities of British property group and it did not ain's takeover code and it did not necessarily want to take control of the company. Page 18

SPERRY and Burroughs, the U.S. semiconductor groups, announced lay-offs and cutbacks. Sperry is cut-ting back at two Minnesota plants with the loss of 285 jobs while Bur-roughs is closing a manufacturing facility at Coral Springs and an engineering unit at Orlando with the loss of 750 jobs. Storage Technology sees loss, Page 18

NICARAGUA said it had secured aid worth \$402m from East and West Europe after visits by the country's president and vice presi-

AMERICAN Express, the financial services group, accepted a \$850m cash offer from American Television and Communications, the Time Inc unit, and Telecommunications for its Warner-Amex loss making cable-television joint venture with Warner Communications, Page 19 | screen-based service outside the ex- keen interest in the proposals.

# Gorbachev urges wide-ranging economic reforms

BY PATRICK COCKBURN IN MOSCOW

Soviet leader, yesterday called for greater emphasis on incentives to produce high-quality goods. Blaming the Brezhnev era for

economic stagnation, Mr Gorba-chev, said the Politburo had severely critised the draft economic plan for 1988-90 and wanted it redrawn to focus on renovating and retooling factories rather than building new ones, improving product quality and making the centralised system

more responsive to demand. Mr Gorbachev went on to make an unusual public attack on four government ministers, thought to include those responsible for iron and steel and petrochemical industries who he said had failed to act in the spirit of economic reform. His criticism is considered to reflect his intention to assert central control over government ministries and the middle level bureacracy which are often seen as the centres of opposiion to economic reform.

Mr Gorbachev is looking for an

MR MIKHAIL GORBACHEV, the Soviet national income. The emphasis will be laid on increasing investsweeping economic reforms in the ment, particularly in refurbishing Soviet Union which would aim for and modernising existing enterment, particularly in refurbishing more efficient state control and prises. Investment in this area should be increased from one third of total capital investment to one half he said.

The general direction of reform is likely to emphasise the control of investment funds by the party sec-retariat in Moscow combined with greater autonomy of individual enterorises.

Mr Gorbachev said the Kremlin would no longer tolerate officials who seek reduced production goals or the old policy of simply building new plants when the older ones be-

than any other country yet we are chronicially short of metal. The

He added, "one cannot help see-

reason is that we did not display in time perserverance in reshaping the structural policy, the forms and methods of management, the very psychology of economic activity." Although he endorsed the planned economy, Mr Gorbachev also said the state planning authority should be more of a scientific think tank than a system for setting specific economic goals.

"He said that Soviet industry was plagued by a lack of quality in its output that made it hard to compete on the world market and cost the nation not only roubles but also important foreign exchange.

"All this inflicts serious social economic, moral and political dam-Stressing the obsolescence of age... even products referred to as much of Soviet plant, Mr Gorbathe highest category sometimes they said "we produce more steel pale in comparison with the best world models."

Mr Gorbachev endorsed the late main reasons for this are poor quality, qualimitated range of products independence of industry and said and, of course, squandering of mevigorous use of more flexible forms Mr Gorbachev is looking for an ing that since the early 1970s cer-annual growth rate of 4 per cent in tain difficulties began to be felt in tary relations.

# Argentina and IMF agree on economic plan

BY PETER MONTAGNON IN LONDON AND JUMMY BURNS IN BUENOS AIRES

THE International Monetary Fund vesterday confirmed officially that t had reached agreement with Argentina on a new economic proramme designed to back up a re-

gramme designed to back up a re-sumption of drawings on a \$1.4bn loan facility arranged last year. The confirmation, which ended several days of speculation about the state of relations between the two sides, came minutes after the government of President Raul Alionsin announced a steep 15.27 per cent devaluation of the peso against

the dollar. Senior bankers said the devaluation was a gesture of good faith by Argentina and a positive indication that it intended to stick by the terms of its newly agreed IMF programme. Further austerity mea-sures aimed at reducing the budget deficit, cutting Argentina's 1,000 per cent inflation rate and reducing its payments deficit are expected over

the next few days. But they added that the IMF deal alone still provides no assurance that Argentina will escape seeing its \$48tm foreign debt officially downgraded by the U.S. authorities this week. A committee of U.S. officials responsible for supervising the banking industry will be meeting until Friday in Weshington to examine Argentina's case.

Argentina still has to make some

interest payments to avoid the downgrading with could seriouly hinder efforts to complete a major debt rescue package which com-mercial bank creditors. For that it now urgently needs to conclude the \$450m bridging loan it has request-ed from the U.S. and other governments, they said.

By vesterday afternoon there were still no official details in Buenos Aires on the terms of the IMF agreement, but according to reports widely carried by the local media, Argentina has agreed to cut its in-flation to around 600 per cent by next May. The public sector deficit, which ran at 10 per cent of gross domestic product in the first quarter, is to be cut back to 5 per cent.

A more orthodox economic programme was publicly endorsed for the first time last month by Sr Alfonsin when he announced that the Government intended to increase savings originally forecast for 1985 by an additional 12 per cent in real

He said subsidies to state companies would be cut, employment in the civil service trimmed and fiscal revenue would be increased by shortening the payment period for value added tax and the implementation of a new "forced savings tax." Continued on Page 18

# Moscow says U.S. 'bent on destroying arms pact'

Lebanon: UN finds

futile weapon, Page 5

persuasion a

By Our Foreign Staff

THE TEMPER of Soviet-American exchanges on arms control deteriorated further yesterday with a scathing accusation from Moscow that President Ronald Reagan was bent on destroying existing agreements, beginning with the Salt 2 strategic arms limitation treaty.

Reacting to Mr Reagan's qualifi-ed commitment on Monday not to undercut Salt 2, Mr Vladimir Lomeiko, the Soviet Foreign Ministry spokesman, accused the U.S. of feverishly considering options about how to get around the limits contained in the treaty. In the process of this, the option of the U.S. continuing to respect Salt 2 was rejected out of hand," he said in a prepared statement issued yesterday.

"What the President has said

clearly confirms that the U.S. Administration took a decision... about the destruction of the system of agreements which control nuclear weapons starting with the breaking of the Soviet-American Salt 2 treaty," the statement said. This broadside will fuel current pessimism about the prospects for progress in the current Soviet-American arms control negotiations now underway in Geneva.

On Monday, Mr Reagan had called on the Soviet Union to show comparable restraint" in respecting the treaty and warned that the U.S. would make "appropriate and proportionate" responses to Soviet violations of Salt 2 to make sure that Moscow was penalised for its

According to yesterday's Soviet statement, Washington's accusations of Soviet treaty violations were intended to obscure the U.S.'s own breaches of agreements.

Referring to President Reagan's assertion that the Soviet Union is breaking the Salt 2 treaty by developing a land-based intercontinental ballistic missile, the SS25X, Mr Lomeiko denied that the missile was a new system, claiming that it is "the old SS13 which is being modernised fully in compliance with

The U.S., he said, was using the SS25X as a pretext for building new missile systems of its own, includ-ing the Midgetman, which he claimed, violated Salt 2.

Mr Reagan had claimed that the U.S. would be staying inside the treaty by dismantling Poseidon submarines later in the year when the seventh 24 missile Trident submarine starts its sea trials.

Soviet reaction, Page 3; Washington's last warning on Salt violations, Page 7

# Emission standards row 'threatens EEC market'

BY JOHN GRIFFITHS IN LONDON

when Environment ministers meet DM 3.9 and eased slightly to FFr on June 24. The British Minister, and their respective governments 6 grammes for cars of up to 1.4 li11.87 (FFr 11.885) and SwFr 3.2825

Mr William Waldegrave, warned (SwFr 3.285). The pound's exchange rate index was 79.3 against 79.2 prephic outcome, which could lead to are taking place in preparation for maximum of 2.5 grammes for mediant and large cars. the break-up of the EEC internal the Brussels meeting. market in cars, unless proposed standards announced by the EEC Commission last week are modified

substantially. The Commission's proposed stan-dards are in breach of the compromise reached by the Environment ministers after 17 hours of negotiations in March, rule out the possibility of Europe's motor industry de-veloping suitable "lean-burn" engine alternative to exhaust catalysts and are of such severity that even Britain's Jaguar, which has no problem meeting U.S. emission

> culties. Mr Waldegrave said. Commission, setting out maximum permissible levels of nitrogen oxides, hydrocarbon and carbon mon- technology. They state that nitrooxide emissions, have already run gen oxide emissions, which are

en these countries industries

sion over what it is describing as an want levels of up to 6 grammes for reach a decision by negotiation. "unhelpful" intervention by the Commission, whose proposals it large cars.

West German position and the prosence of the situation and the p plied by West German Commission- the Commission proposal would

dards than other member states. The Commission's proposed standards were presented as seeking a turers' ability to develop. standards, would face serious diffi-middle path between the environmentalists and motor industry con-The standards proposed by the cern that the standards should be set at a level which would allow the development of "lean-burn" engine

A RENEWED confrontation among into a barrage of criticism from the most damaging to the environment, EEC member states over car pollumotor industries of Britain, France should be restricted to 3.5 grammes tion standards appears certain and Italy. A series of meetings be- per test for cars of over 2 litres, 4 grammes for cars of 1.4-2 litres and

> However, while there is little dis-The UK Government is in touch agreement on the smallest cars, the ian Minister presiding over the to prevent the 63-vote Council from with the presidency of the CommisUK, French and Italian industries Council, has long attempted to achieving the 45 votes required for medium cars and 5 grammes for

present Jaguar, for one, with a need Bonn, under severe pressure to re-engineer its cars to meet the from the environmentalist lobby, standard for large cars. Relatively has been seeking stricter stan- cheap "lean-burn" engines, fitted with simple oxidation catalysts. would be placed beyond manufac-

A spokesman for Jaguar las night confirmed that re engineering of its cars would be required to meet the standards as proposed. A spokesman for Mercedes of West Continued on Page 18

# U.S. and UK markets plan link

BY JOHN MOORE IN LONDON AND PAUL TAYLOR IN NEW YORK

THE LONDON Stock Exchange and the New York Stock Exchange have formed a task force to work together on developing new dealing

In a joint statement yesterday both exchanges said that they would be investigating 'joint ap-proaches to advanced securities trading systems, market links and methods to facilitate international settlement of transactions." ing securities develops on a 24 hour basis it is necessary for the ex-

eration which will continue to pro-vide an efficient, cost effective mar-In Britain, stock exchange offi-cials are worried about the threat of (SEC) said that it had no official

changes to examine areas of "co-op-

Merrill Lynch, one of the largest U.S. securities groups, is in talks aimed at taking an initial 29.9 per cent stake in A.B. Giles & Cresswell, one of six market makers in British government securities on the London Stock Exchange. Page 18

change could lead to fragmentation They said that as trading of lead-of the market. Now the new initia-ne securities develops on a 24-hour tive on both sides of the Atlantic is designed to ensure that control of trading networks remains under the regulatory umbrella of the two

In Washington, the U.S. Securi-

The commission has already expressed its concern that the growing internationalisation of the securities markets could undermine its ability to regulate trading. Earlier this year the SEC published a discussion paper on the subject, seek-ing public comments by the end of

It is understood that the New York Stock Exchange has shown considerable interest in the London exchange's screen-based price display system – the Topic service. The London Stock Exchange is also keen to develop an effective price mination service which will allow prices to be disclosed in the ctured market.

At present the London exchange Reuters, the international news comment on the proposed New is attempting to develop an interim gathering and electronic data company, providing an alternative However, the SEC is likely to take a ic system called Stock Exchange Automated Quotations (SEAQ).

# Farm ministers face deadline on cereals

BY IVO DAWNAY IN LUXEMBOURG The attempt by the Italian presid-

EEC Farm Ministers will be called at midday today to declare their final positions on cereals price cuts

After nearly four months of talks, bogged down by a West German re-fusal to sanction price reductions, it still remains unclear whether Herr Ignaz Kiechle, the West German Minister, will allow a vote to go ahead. Sig Filippo Pandolfi, the Ital-

ress was made last night in bridging the difference. There was also some speculation that Bonn may now be able to accept a vote without using its veto through changes in the positions of several other mem-

ency to create a majority of nine to one against Herr Kiechle appeared not as successful as first thought. Speculation was mounting yester-day that Ireland and Greece and possibly Belgium and Lamembourg might join Germany in rejecting the Commission proposal for a 1.8 per cent cereals price cut. This would be more than enough

an approval by qualified majority. Although the margin between the Frantic lobbying was expected to West German position and the pro-While Germany would prefer to win allies to vote down the price cut, thereby avoiding having to use a veto - a procedure it has long op-

posed on political grounds - the Italians and the French are anxious Continued on Page 18

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### CONTENTS

Companies ..... 19-20 America ..... 7 Companies ..... 19-20 Overseas ...... 5 Companies ..... 21, 22 World Trade ..... 6 Britain ..... 8, 10 

Agriculture 

Letters..... 17 Lex..... 18 Men and Matters ...... 16

Resources review: why National insurance: a way to Amoco has succeeded .... 12 reduce unemployment ... 17

Technology: 

Indonesia: cleaning up ports UK drugs industry: bitter pill 

Life-saving Lex: Capital & Counties;

Editorial comment: EEC Management: Pilkington 

# Mengele's son says exhumed body is that of his father

alone be able to settle the issue conclusively remains to be seen. Their findings should be

ready in 10 days or so, it was reported from Brazil, but Sr Rubens Brasil Maiuf, head of

At the same time, even those initially sceptical of the discovery, such as Herr Simon Wiesenthal, the Nazi-hunter,

have been coming around to the view that the remains are

those of their longstanding

Menegle was doctor at the

In Turin, Dr Cesare Romiti, ma

again demonstrated that the Italian

BODY exhumed by examination of the corpse will Brazilian investigators from a grave near Sao Paulo last week is "without doubt" that of Dr Josef Mengele, hitherto the most wanted Nazi war criminal still at large, his son Rolf declared yesterday.

kupens Brasil Maluf, head of the institute carrying out the autopsy, said it would be "very fortunate" if identity could be proved beyond doubt. The statement by the son, in which he confirmed having visited Sao Paulo after Mengele's alleged death in a swimming accident on February 7 1979 would seem to banish most remaining doubts that his fether is dead However, the scant details contained in the family statement do fit in with what has emerged from witnesses in Brazil, father is dead.

Herr Rolf Mengele, a lawyer in Freiburg, said he had visited Brazil after the event to check the circumstances in full. "I am sure that forensic examination of the remains will soon confirm that they are of my father Josef Mengele."

The Mengele family, which runs an agricultural machinery business at Guenburg in Upper Silesia. Poland, between 1943 and 1945, where Bavaria, was ready to make further "relevant evidence" 400,000 people to their deaths available, the statement added.

available, the statement added.

Whether pathologists who
yesterday started their detailed

\*\*COLOND People to their deaths
in the gas chambers, and of
conducting gruesome medical
experiments. Italian business rejoices at wage indexation vote

quarry.

BY ALAN FRIEDMAN IN MILAN NTALY'S leading bankers and in-dustrialists yesterday welcomed the result of the referendum of wage in-of orders from foreign and institudexation, in which 54.3 per cent of tional investi the electorate voted to defeat the Communist-sponsored proposal to naging director of the Fiat group, restore cuts to the scala mobile said the referendum result once

Meanwhile, in Milan, the stock people have more common sense market surged in some of the heaviest trading activity in years. Severthern with."

Sweden's foreign arms sales soar 24%

By David Brown in Stockholm THE GOVERNMENT in Stockholm released figures yesterday showing a significant increase in foreign arms sales during 1984. amid growing domestic con-troversy over Sweden's weapons export policy.

The report coincides with several investigations into charges of illegal armaments dealing by Bofors, the defence concern which is Sweden's larg-

est weapons exporter. The value of authorised for eign weapons sales climbed 24.5 per cent in real terms, according to the Trade Ministry in Stockholm, corresponding to just un-der 1 per cent of total exports.

The largest customers were in Italy, Nigeria and Singapore. Divided by region, Europe account-ed for half the total SKr 2.1bn (\$222.7m) deliveries followed by Asia with 19 per cent and Africa with 15 per cent.

Meanwhile, the Government is under pressure to tighten further regulations governing such sales. Weapons shipments to areas of Weapons shipments to areas of military tension are prohibited at

Bolors, now part of Nobel In-dustries of Sweden, following its SKr 3hn takeover of the Kema-Nobel chemicals group last year, has been under investigation for alleged violations of this law.

Mr Claes-Ulrik Winberg, chairman of the Swedish em-ployers' federation, temporarily stepped down from his post last weekend in the face of the custons authority inquiry into the alleged violations, which took Spain prepares to come in out of the cold

EEC enlargement.

pean Community treaty of accession in the splendour of Madrid's royal palace.

As one newspaper remarked, with ill-concealed glee, there will be more television cameras than there were when General Franco lay in state in the same building nearly 10 years ago.

There will be prime ministers and European officials galore at the massive palace that the Bourbon dynasty had built for itself in the 18th century. The only foreign dignatory that sticks in the mind as a prominent guest at the generalissimo's funeral was Chile's Gen Agusto

European welcoming party marks Spain's coming out of the cold. Commentators, foreign and Spanish alike, have dwelt ceaselessly on the psychological impact of the country's entry of the EEC has come to mean ing the details of today's ceremones, said that this ommission was something of an oversight and that there had been "insufficient time" to send out all the appropriae invitations. One prominent Catalan poli-

been levelled to the ground with

Absent from the jamboree will be the Spanish military's top brass. The chiefs of staff are usually an inbuilt feature of every state occasion and the Madrid daily Diario 16 picked up the omission vesterday and headlined: "The military excluded from the solemn

Instead there will be guests who are not normally associated with such events. Among the seelet crowd will be golfer Seve Ballesteros, tenor Jose Carreras, former Wimbledon champion Manuel Santana and the poet Rafael Alberti.

Tom Burns and Diana Smith report on the eve of the EEC treaty signing

ties will be the chief ministers of Spain's 17 autonomous communities. Some are hardly known outside their immediate vicinity while others, notably the absque Lendukari and the president of the Catalan Generalitat are figures of con-siderable national prominence. All the chief ministers, at any rate, regularly turn up for the

top state events be it the gar-den party to mark King Juan Carlos's patronymic or the annual military parade that celebrates the end of "Armed Forces Week."

A harrassed government official, entrusted with explaining the details of today's cere-monies, said that this ommis-

with Spain as part of a greater what it had n European whole, the 17 autonomous regions that came into nomous regions that came into being with the post-Franco democratic transition will themselves be striding a smaller stage. Some government officials feel that this is in the right and natural order of things, as quasi-federalism in Spain had gone

Sr Felipe Gonzalez, the Prime Minister, yesterday chaired a Cabinet meeting that formally approved the treaty of accession. It consists of 65,000 sheets of foolscap but the document has a shortened version of some thousand odd pages which is what the Cabinet actually

The document in its complete and condensed version, has had

SIX SPANISH television outside broadcast units will cover today's ceremony marking Spain's signature of the European Community treaty of Community treaty of Community treaty of the street of the str yesterday that Madrid was yet tive opposition, Sr Miguel again raising its centralist Herero de Minon, pointed out it has not escaped notice that, that the Cabinet was approving with Spain as part of a greater

Sr Gonzalez takes an early flight today to Lisbon where he will meet Sr Mario Soares, his fellow Premiere in a no less grand ceremony held at the equally incomparable setting of the Mosteiro dos Jeronimos. Also there wil be the Prime Ministers of Belgium. Denmark. France, Greece, the Nether-lands, and Italy, Luxembourg's deputy premier and the foreign ministers of Britain and West

All of them, together with the EEC Commission, travel after lunch to the Spanish capital to continue the enlargement process by making the Lisbon eleven into the Madrid twelve.

# Soares leads in an eager but apprehensive Portugal

minority Social Democrats, Sr enlarged Community.

Mario Soares will be a proud man as he signs Portugal's accession treaty to the Euro
for eight years backed ardnous

pean Community.

Amid the turbulence of Communist-inspired revolution in but willing country's way into 1975, he was a lone voice crying "Europe is with us," urging are closer to realisation. ing "Europe is with us," urging moderate Portuguese to stay calm and hang on to the vision

efforts by successive govern-ments to negotiate a small, poor Politics were not the only in-

stinct that drove Portugal to calm and hang on to the vision of a democratic European future.

When politics cooled down, he was the pioneer who trekked from one EEC capital to the other in 1977, pleading for support for his country's wish to seek a different future. Its people want change. They want—and need—more keenly-perceptible challenges than they would face outside Europe. They are eager for economic prestige and more efficient,

social services to be modern.
In short, they want to slough
off a sense of living in a back-

water. Perhaps too-optimistically, the Portuguese expect accession to bring radical modernisation of agricultural structures, pro-duction and marketing that pre-

REGARDLESS of the pall cast over today's ceremonies by the impending withdrawal from the Portuguese coalition of the minority Social Democratic, Social Democratic, Social Democratic, Social Democratic European umbrella competitive agriculture and industry. They want their public services, transport and ports, lic services, transport and ports, but contribute as best it could her job training schemes and tourism companies, after initial diffidence, social services to be modern.

Today his hopes and the large of the power-full services transport and ports, their job training schemes and tourism companies, after initial diffidence, because the power-full spanish fleet.

Those who may be most hurt businessmen and tourism companies, after initial diffidence, social services to be modern.

Today his hopes and the large of the power-full spanish fleet.

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The power-full spanish fleet is dustry. They want their public services, transport and ports, businessmen and tourism companies, after initial diffidence, because the power-full spanish fleet.

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The power-full spanish fleet is dustry. They want their public services, transport and ports, businessmen and tourism companies, after initial diffidence, because the power-full spanish fleet.

Today his hopes and the large of the power-full spanish fleet.

Today his hopes and the large of the power-full spanish fleet.

Today his hopes and the large of the public services, transport and ports, businessmen and tourism companies, after initial diffidence, businessmen and tourism companie have begun preparing projects generations producing on a that can tap the EEC's regional development funds-

that can tap the EEC's regional development funds—
More dynamic Portuguesc industries, which have recently caught the pre-European mood and begun to modernise equipment and marketing, are eager for more access to European markets—particularly footwear and textile manufacturers.

Thanks to mulish resistance up to the last minute when EEC up duction and marketing that preand post-1974 governments
could not implement, or feared
to do so, for financial or political reasons. They sense that
EEC membership will unblock
energies on the part of many
farmers. spurred by the Ecu
700m (£413m) the Community
will grant over ten years to help

# Challenge

Europe, North America: two key markets for business on a worldwide scale.

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# South Africa suggests new role for 'stabilised' gold

BY WILLIAM DULLFORCE IN LUGANO

ASSURANCES all round that the price of gold has finally stabilised and a South African suggestion that a new role for the metal be found in the international monetary system were two highlights on the first day of the Financial Times World Gold

Conference yesterday.

An analysis of demand and supply flows led Mr Chris Stals, senior deputy governor of the South African and South Af can Reserve Bank, to the conclu-

that at around \$300 an ounce a realistic floor to the gold market had

peen reached. This compares with a peak of \$850 recorded in London on January 21 1999.

Mr Stals argued that the present low dollar price was not a true reflection of the world price for gold.

Measured in terms of most European the price had repean currencies, the price had re-mained remarkably stable over the

past two years.

In the next few years new production, net sales by the socialist countries and sales from central banks would supply the market with roughly 1,400 tonnes a year. This amount would be supplemented by a more unpredictable amount from recycling of existing gold which would be offered on the market in increasing amounts as the

price moved up.

Demand for gold for fabrication now absorbed all the regular supply so that all volatile investment d mand would play a major role in de-termining the price, Mr Stals said. In Mr Green's view gold had reached a price level at which most

if not all of the supplies coming to the market could be taken up quite A major factor of 1984 has been mual rate of between 20 per cent the robust performance of the jew- and 40 per cent, Mr Tanaka said.

FINANCIAL TIMES World Gold in 1985

CONFERENCE

nessed earlier this year scenes not found since the early 1970s. Dubai had imported 17 tonnes of gold in January and 14 tonnes in February. For many people in South-East Asia gold was "cheep" again.

director of Shearson Lehman-American Express Asia, confirmed that the current absorbtion rate of the Asian market was "almost stag-gering." The first quarter of 1985 had shown even larger activity than in 1984. Both he and Mr Green em-

phasised the good track record of Asians in reading price trends. Japan was today experiencing the third "gold rush" in its history. according to Mr Takashi Tanaka, managing director of Tanaka Ki-

In the seven years since it had liberalised imports and exports of gold, Japan was well on the way to becoming the world's biggest gold market, he claimed.

totalled 305 tonnes, the highest level in its history and of this amount 192 tonnes were immersial. brisk activity of electronic compa-nies was an important factor in this development; industrial use of gold in Japan has been growing at an an-

the robust performance of the jewellery industry whose offtake of
gold at 818 tonnes had hit the highest level since 1978. In the eight
months "after gold fell below \$350
last summer, five markets alone Italy, Duhai, Singapore, Hong
Kong, and Tokyo - took up 611
tonnes - an annual rate equivalent
to 87 per cent of all Western mine
production, Mr Green said.

and 40 per cent, Mr Tanaka said.
Analysing gold shares, Mr Julian
Baring, of James Cabel was also
bullish. He thought the low of the
sollish the thought the low of the
sollish the thought the low of the
investors would gradually regard
the metal not so much as a roller
tonnes - an annual rate equivalent
to 87 per cent of all Western mine
production, Mr Green said.

Mr Stals did not win ready ac-

ceptance for his proposal that gold should again be used as a means of international settlement. It was wrong for it to lie frozen in the vaults of central banks, where it made up more than 40 per cent of

(13).41

the official foreign reserves of the member countries of the Interna-tional Monetary Fund, he said. For Mr Robert Guy director of NM Rothschild, who chaired the In Dubai, the jumping off point first day of the conference, promotset would be an admission of failure in the task of developing an inter national monetary system.

Mr Guy also prompted Mr Alan Brody, president of the Commodity Exchange (Comex) in New York, to Mr Victor Lam, bullion division explain the new safeguards being discussed between the United States Federal Authorities and Comex after the default in March of a

Comex clearing company.

Mr Brody described hor had become the world's largest market for gold futures trading over the past ten years, a develop-ment which has not always been looked kindly by established gold trading centres, such as London, Zurich and Hong Kong.

The options on gold contracts, re-cently introduced by Comex new ac-counted for nearly 25 per cent of its total gold trading volume Mr Brody

narket, he claimed.

and the Sydney Futures exchange to begin linked trading in gold to everyday life of the Japanese, Mr tures contracts would come into et-

Mr Sydney Gold, manager of the options department of Philipp Brothers Inc described how gold op-tions worked while Mr Brian Marber senior partner of Brian Marber and Co., explained the value of charts and technical analysis in the

FINANCIAL TIMES, USPS No 1906/0. published daily except Suggleys and holidays. U.S. subscription rates \$420.00 per annum. Second class postupe paid at New York NY and at additional mailing offices. POST-MASTER; send address changes to FINANCIAL TIMES, 18 East 60th Street. New York, NY 10022.

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Yugoslavs

to discuss

with banks

YUGOSLAV AND Western

bank negotiators are to make

a further attempt, in New

York next month, to agree on

terms for rescheduling Yugo-

slavia's \$3bn commercial bank debt falling due between 1985 and 1988, having failed to significantly narrow their differences in talks at the Yugoslav resort town of Bled.

The continued impasse over bank debt rescheduling stems

chiefly from Yngoslav in-

chieny from Yugoslav in-sistence on paying less than the 1.25 per cent over the London Inter Bank Offered Rate (Libor) demanded by the commercial banks on 1985-88 rescheduled debt, and on Yugoslavia's mental to

on Yugoslavia's request to renegotiate lower interest rates on 1983 and 1984 debt maturities already rescheduled.

Until final agreement is reached, the Yugoslavs have been warned that they cannot expect any fresh finance from

Following their Bled talks, Mr Fulvio Dobrich, a senior vice-president of Mamufacturers Hanover who chairs the commercial banks' creditors' committee, and Mr Cuitan Primeria the abid.

Cvitan Dujmovic, the chief

a full meeting of the several hundred banks owed money

the commercial banks.

Investment

By Aleksandar Lebl in Bled

debts

'ortugal

rold

David Marsh on how Lyons backs its fledgling entrepreneurs

# A city in the business of start-ups

IN A semi-rural setting a few miles from the centre of Lyons in France, the city's business school is organising an exhibi-tion for 10 newly-established small businesses to show off their wares in areas ranging video text and biotechnology to fast food. The display by the 10 fledgling entrepreneurs (average age 31) is still in full swing in the evening after 500 visitors during the day.

The average FFr 400,000 (£33,641) capital backing for each company, mainly put up by friends and relatives, is proof that "there is money around in Lyons," according to M Philippe Albert, director of marketing development at the Lyons Ecole Superieure de Commerce.

The school, which has been providing a 17-week course for the company founders, plans to continue the scheme by sponsoring two sets of start-ups a year in association with established

The start-up project is just one sign of the vitality of France's second city in tackling a challenge which is now one of the country's major economic procedurations. preoccupations: boosting small businesses particularly by encouraging commercial links

between universities, industry and financial institutions.

Lyons, capital of the prosperous Rhone-Alpes region which has been less affected by the prosperior than exhering them. the recession than other parts of France, is none the less suffering from a run-down of employment in tradtional areas. Unemployment in Lyons is 7 cent, about the same as in Paris, compared with a national average of nearly 10 per cent. The Lyons city authorities, who are making a special effort to develop the town's standing as develop the town's standing as an international business centre, are banking on high technology as the key to building a new damage, part of the Credit In

as the key to building a new industrial fabric. 'It is easier to promote research links with business in Lyons: the frontiers are panies smaller," says M Francois future Juillet, scientific director at itself. Société Lyonnaise de Banque, the regional bank,





Pushing Lyons ahead: Jean Carriere and Jean Chemain.

M Juillet has been recuited from the civil service after spending 13 years as the head of the Government's Rhone-Alpes research and develop
M Juillet has been recuited from just stick to traditional commercial banking, we will be dead in 15 years," says M Jean Carriere, SLB chairman.

M Carriere has been in the M Carriere has been in the foreform of efforts to attract U.S. investors to companies from the region quoted on the Lyons and Paris stock markets. Alpes research and development office. His job is to boost links between the separate worlds of money and science: an area where the Lyons approach, in keeping with the region's comforably bourgeois traditions, is still a lot more conservative than in the U.S.

M Alain Merieux, head of the medical group Institut Mericux He plans financing packages with U.S. banks to assist Amerimedical group Institut Merieux, is not the only one to chide financial institutions for excessive prudence. M Merieux, is also chairman of a new regional venture capital group Sudinnova, which has made 12 investnova, which has made 12 invest-ments in small businesses for a total FFr 3.5m. He says the fund's criteria may have been too strict: "In the long run we

cess to attract more capital from banks and is turning its dustrial et Commercial group attention which was nationalised in 1982, partners. attention to finding industrial

Elsewhere, however, there is no mistaking the change in entrepreneurial attitudes sweeping through Lyons. "It is a revolution," says M Jean Cheof the Lyons organisation, main, head investment banking activities, development

business-minded approach of university graduates. "Young people have ideas and a way of thinking which bear no co parison to those of the spoilt children of the 1960s."

Previously, researchers re-fused commercial links, fearing they would "compromise them-selves," says Professor Christian Collombel, who chairs an organisation promot-ing business start-ups in the biotechnology and medical biotechnology and medical fields, and who is playing a key role in setting up Lyons' new Gerland science park. "Now there has been an irreversible

One flourishing spin-off from Lyons research is Saduc. This FFr 10m turnover company manufactures cosmetic and medical products from collagen. a substance derived from animal skins under technology de-veloped at the local technical veloped at the local technical centre for the leather industry. M Michel Dubois, the director, has built the company slowly to become an important supplier to the L'Oreal cosmetic group. He is slightly bashful in admitting that net profits are 18 per cent of turnover.

M Paul May a former

M Paul May, a former teacher at the National Applied He plans financing packages with U.S. banks to assist American companies to set up in the area, following in the footsteps of concerns such as Hewlett Packard, Monsanto and Schering-Plough.

One company still disappointed with the attitude of bankers is Metravib, a group with FFr 90m turnover set up in 1968, which has a range of activities in monitoring and detecting vibrations.

M Lionel Gaudriot, Metravib's scientific director, says the company has tried without success to attract more capital from banks and is turning its control of the Sudinnova venture capital group and in the director in 1977, specialism in software for company company and automated production systems. A new set of share-holders, including the Paribas investment bank, is about to inject fresh capital into the company. M May has his eye on boosting turnover to FFr 100m by 1989 (from FFr 17m last year) and hopes for a share listing. Sciences Institute (INSA), set

by Yugoslavia. Two such plenary meetings have already been held in recent months, and both sides nova venture capital group-and is active in "godfathering" other small businesses, says: "Seven or eight years ago, if you set up your own company, you were just another dirty parron. Now the creation of one meliev thata third inconclu-believe that a third inconclusive meeting could have very negative results. patron. Now, the creation of one more capitalist is seen as boost-ing jobs. If you've got a good project, there's no trouble find-ing the money to back it."

The Bled talks took place in the context of the regular annual session of the U.S.-Yugoslav Economic Council, at which the Yugoslavs were also warned they could lose U.S. preferential tariff treat-ment unless they changed ment unless they changed legislation concerning

Soviet Union sees economic threat in Stars Wars

# Moscow opts for caution in arms race with U.S.

BY PATRICK COCKBURN IN MOSCOW

leaders have increasingly cannot fund its military spend-emphasised that a central aim ing through domestic or foreign of U.S. defence policy is to savings but must switch rederail the Soviet Union's sources directly from the civieconomy by forcing Moscow to lian to the military side of the
raise its military spending above
economy. the level it can afford.

Strategic Defence Initiative (SDI) has "an insidious aim, an attempt to foist excessive military epnding on the Soviet Union and the Socialist com-munity in order to exhaust them through the arms race," said a senior official of the Communist Party Central Committee last

month.

The threat is real enough.

Defence spending already
makes up some 12 per cent of
the Soviet gross national product. Western studies say the
military spending on the Soviet
cent of all new machinery but Russian spending on arms has risen very slowly since 1976. "There have been two distinct

periods in Soviet defence spending since 1965," says a spending since 1905, says a study issued late last year by the U.S. Central Intelligence Agency. "Before 1976, growth in total defence spending averaged about 4-5 per cent per year; after 1976, the rate of increase in spending dropped appreciably, to about 2 per cent a year," the CIA concluded.

### **Progress**

Yugoslav negotiator, are to see if they can make enough progress in New York in early July to warrant calling Despite the increase in U.S. be countered easily defence budgets under President Reagan, the CIA says that the Soviet Union has not followed Washington in upping its spending on arms. The miliheight of detente have not been

> A change now would have a serious impact on the plans of Mr Mikhail Gorbachev, the Russian leader, to reform and expand the economy. Both he and the Soviet central planners in Gosplan are looking for high rates of growth in the next fiveyear pan (1986-90) of over 4 per cent a year. The rate of investment is also to be raised. Soviet defence budget of around a very short period of time—fore like to per cent would scupper such in something like two minutes limited.

IN RECENT months Soviet plans. Unlike the U.S., Moscow —this system must destroy ger-

ne level it can afford. Agriculture and energy
President Ronald Reagan's already absorb some 55 per cent of Soviet capital investment; increased weapons procurement would also prevent any increase in the Soviet standard

> The Soviet leaders claim they will not be forced into 'backbreaking expenditure' by President Ronald Reagan's Strategic Defence Initiative—to do so would upset their plans to expand and reform the non-military side of

the Soviet Union's economy. Anyway, for the moment, Russian scientists say that the Star Wars system can

of living which Mr Gorbachev wants to maintain. For the moment, Soviet scientists say that Star enough. Dr Yevgeny Velikhov, a senior Soviet scientist and an expert on Star Wars, recently said that the feasibility of producing an anti-ballistic missile system was no greater now than

it had been in 1972 when the ABM treaty was signed.

eral thousand missiles, launched both from the continents and tions in the ocean."

He went on to say that Mr Caspar Weinberger, the U.S. Defence Secretary, had said when President Reagan was first elected in 1980 that the Soviet Union would react to an American military build-up by "reconstructing all our forces, and we would be compelled to incur backbreaking expendi-ture. This did not happen,"

Dr Velkhov said that SDI would be no more successful in forcing Moscow to undertake "backbreaking expenditure."

The policy of keeping spend-ing on a tight rein is not likely to be changed by Mr Gorba-chev. In a major speech vester-day, his emphasis was on the wholesale reforms of the civi-lian economy, though he did say that the Soviet Union would not allow the military balance with the U.S. to be changed.

### Radicalism

This is hardly very welcome This is hardly very welcome to the Soviet general staff. Marshal Sergei Sokolov, the Defence Minister, has been as denigratory about the feasibility of Star Wars as some civilian scientists and commentators. The former Chief of Staff, Marshal Nikolai Ogarkov, put the emphasis on the need for a new generation of high for a new generation of high technology conventional wea-pons for the Soviet armed forces. This was an area, he said, in which the Soviet Union could not afford to fall behind. It is not clear whether Mar-

shall Ogarkov's dismissal last year was a direct consequence of such military radicalism, but Wars can be countered easily in any case there is little sign enough. Dr Yevgeny Velikhov, of Moscow refurbishing or replacing its military equipment. It knows that in any all-out arms race with the U.S., the Soviet Union will lose and sussystem was no greater now than it had been in 1972 when the ABM treaty was signed.

Dr Velikhov said that SDI ventional and nuclear weapons A significant increase in the unrealistic to suppose that "in as well as Star Wars is there-

# E. German rights plea by Fabius

THE FRENCH Prime Minister, M Laurent Fabius, has called on East Germany to allow its citizens greater freeright to live where they

Speaking at a banquet in East Berlin given by President Erich Honecker, he said France attached great importance to the observance of the 1975 Helsinki Accords, and in particular to the right of all people to "move freely and reside where they wish."
M Fabius, the highest rank-

ing politician among the Western allies to visit East Berlin, was confronted at the banquet with what Western diplomats saw as an East German viola-tion of Berlin's demilitarised status. General Heinz Hoff-mann, East Germany's Defence Minister, appeared in gala uniform, and was seated next to Mme Edith Cresson, the French Trade Minister. The French Prime Minister

and Mme Cresson had talks with Herr Gunter Mittag. East Germany's economic chief, on expanding trade. The French sought to discover East Germany's technology needs at a time when it and other Comecome when it and wher conte con countries are formulating their five-year plans which be-gin next January. ... M Fablus also dedicated an

auditorium in the newly established French cultural centre in East Berlin, the first of any Western country in East Ger-

Interest in learning French has received an impetus among East Berliners by the fact that the cultural centre has a library stocked with books otherwise unavailable

Employees of East German state institutions have been warned not to use the centre's facilities.

# European chemicals investment likely to rise by 10% this year

is making a big effort to step up its investments in small com-

panies as an investment for the

future both for the region and

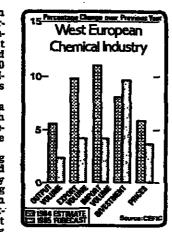
Banks have to increase their

IMPROVED CONDITIONS in the chemicals industry encouraged Western European manu-facturers to step up investment by 8 per cent last year. And they are expected to spend 10 per cent more this year, according to Cefic, the industry's European federation.

Its annual review reports a good start to the year, with better use of capacity, and forecasts a spell of more moderate growth in the second half. The extra capital spending this year will be committed mainly to rationalisation, energy conservation and developing new products and markets. An ment is going on development of more specialised and highly

valued products.

Capital investment increased



The industry has benefited from the better general economic climate. For the Capital investment increased particularly strongly in the Netherlands last year, where it rose by 36 per cent. Spending in France went up by 27 per cent and in Britain by almost 17 grew by only 3 per cent. It also

enjoyed a 9 per cent increase in the volume of trade in its European chemical exports

increased by 10 per cent and although imports also rose. there was a further increase in industry's balance of trade.

The federation expects an increase in output volume of around 2.5 per cent this year. Export volume is also expected to go up more modestly—by about 4 per cent—and imports by the same proportion.

The workforce is predicted to remain unchanged for a second year and last year's 5.7 per cent general increase in prices is expected to moderate to about 3.5 per cent in the current year.

# Bulgaria plans big spending rise

BULGARIA IS planning its largest ever investment programme, aimed at giving it a lead role in electronics and other high technology inside Comecon and to be financed partly by borrowing in the West According to officials the programme is still being discussed to developing new technology change almost all investment in itself would represent a towards developing new techning in itself would represent a mobilise the whole of Bulgaria's industrial potential to realise industr programme will effectively national credits for specific pro-channel almost all investment jects, Prof Danov says. This towards developing new tech-nologies and applying them to significant change of heart for

Bulgaria which has stayed away from the capital markets for

gramme is still being discussed but will be ready for aproval by the next Communist Party congress next April.

gress next April.

Prof Georgi Danov, a senior economist with the Higher Institute for Marxist Economics in Sofia, says it will require investments of up to leva 50bn (roughly the equivalent of troughly the equivalent of \$15bn) during the next five-year plan. For comparison this is production.

Prof Danov says it will mean for the five that, in the course of the five years, all foreign currency years, all foreign currency that, in the course of the five several years.

The first sign of a change came only a month ago when it asked National Westminster Bank and the Moscow Narodny Bank to raise \$100m cp the Euromarkets on its behalf.

# EdF to start recycling surplus plutonium

BY DAVID MARSH IN PARIS

ELECTRICITÉ de France, the state utility responsible for the world's most intensive nuclear power programme, has decided to recycle phy-tonium in its network of pressurised water reactors (PWRs) to absorb stocks of the metal which would otherwise build up in coming

The EdF decision to embark upon plutonium recycling is a direct consequence of the worldwide nuclear energy slowdown which will delay entry into service of commercial plutonium-burning fast breeder reactors at least until the early

years of the next century. The Edf move will result in plutonium - formed as a by-product of normal reactor operation, and separated from uranium and waste

products at reprocessing plants -being added to the uranium fuel to 900 MW N-plants from the end of 1987 onwards.

EdF intends to use a mixture of 4.5 per cent fissile plutonium in fuel phlies containing depleted uranium which until now has been discarded after <u>uranium</u> enrichment.

The aim of using mixed oxide (Mox) fuel is above all to provide an economic use for the plutonium which EdF will be producing at a rate of about 8 tonnes a year from reprocessing during the 1990s at the La Hague complex near Cherbourg. The complex is run by Cogema, the

clouds hanging over fast breeder from reprocessing reactors. Superphenix, the world's biggest commercial fast breeder, necessitate building up new fuel built by France and other European fabrication plants over the next few

spring after several years of delays. of more extensive movements of Probably no more than one or the metal in fabrication facilities two commercial European breeders and power stations. will be built before the end of the century - a consequence of the cessed only about 50 to 60 tornes of present glut of uranium as well as PWR fuel at La Hague, plans to of the costs of fast breeders, which step up reprocessing to about 300

carried out in West German resc. fuel - containing about 350 kilostate nuclear fuel group.

Use of Mox fuel in EdF's thermal
reactors amounts to an important
reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts to an important reactors amounts reactors amounts reactors amount reactors amount reactors amount reactors amount reactors amount reactors amount reactors change of strategy dictated by the erder to use up stocks of phytomium 1995.

Moving to full-scale Mox use will countries at a cost of FFr 20hn years. It could also pose greater nu-(\$2.1hn), is due to go on stream next clear proliferation risks as a result EdF, which has up to now repro-

EdF characterises as still being in tonnes a year in 1988, 400 tonnes in the prototype stage. 1989-90 and 800 tonnes thereafter. Use of Mox fuel has already been It intends to use 8 tonnes of Mox

# Forbes Lake of the

# **OUR LAKELAND PARADISE AWAITS YOU**

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Disturbance	Allowances		£5-£7	
			**************************************	
New Equipm	ent		E2-E4	
Transfer of C	omputer Sy	stems	£30-£40	
	TO	TAL £	122 - £167 Million	

# THE ABOLITION BILL.

Independent management consultants Coopers & Lybrand have been studying the Government's plan to abolish the GLC.

Not only is it going to cost Londoners their say in the capital's government, it seems it's also going to cost them up to £167 million.

They also estimate that many of the savings that might be made by the new administration could be made by the GLC as it stands anyway.

So whoever stands to profit from abolishing the GLC, it certainly isn't Londoners.

GLC COUNTY HALL LONDON SE1.

# South African police blamed in inquiry on Uitenhage deaths

ERRORS BY the South African police and its security branch were mainly responsible for the events which led to the fatal shooting of 20 black mourners on March 21 at Langa near Uitenhage on the 25th anniversary of the Sharpeville

massacre. This is the broad conclusion of the Commission of Inquiry set up by President P. W. Botha under Mr Justice Donald Kannemeyer to investigate the incident which sent shock waves incident which sent shock waves around the world and spurred the U.S. campaign for disinvestment in South Africa.

ment in South Africa.

Confusion over the banning of a funeral of previous unrest victims, the lack of proper riot control equipment, and provocative remarks by police towards a large but originally peaceful and unarmed crowd were the main factors which led to the shooting against the background of months of violence and unrest in the Esstern Cane and unrest in the Eastern Cape

The report largely exonerates Mr Louis le Girange, the Minister for law and order, whose original report to Parliament on the day of the shooting con-tained many errors which Mr Kannemeyer put down to "confusion" rather than a conspiracy by police to fabricate evidencme to prove that petrol bombs were a cause of the order to open fire.

But the propert is year evident

But the report is very critical Captain Andre Goosen, a local security police officer, who misused the Internal Security Act to ban th funeral of the six people in a way which led to confusion among the crowd of mourners.

Had the holding of the funeral not unnecessarily been prohibited on doubtful grounds there can be no little doubt that the procession would have passed the (nearby white town of) Uitenhage without incident," the report says. Mr Kannemeyer suggests that police review the procedure under which such harming appliunder which such banning applications are made.

The judge also strongly criticises Major Gert Kuhn, station commander at Uitenhage, and his superior officer, Lt.-Col Col Frederick Pretorius, for not supplying the riot squads with standard riot con-trol weapons.

The fact that no rubber bullets, birdshot or teargas was available is a matter of grave concern. For riot control police to be in a position where, if they are compelled to take action, the death of rioters was should never have been allowed

Mr Kannemeyer also criticises the actions of police officers in the two oarmoured cars for taunting and provoking the crowd to throw stones.

On the crowd. Mr Kame-meyer said there was no evidence of any organisation or arragement to attack white residential areas. "People had gathered at random in a show o fsolidarity and had intended to go to the funerals in nearby Kwanobuhle."

Mr Kannemeyer suggested that "provocative action" by the police may have led to the beginning of a chant about killing whites in Uitenhage which police evidence quoted as one of the reasons for open-

### Opposition attacks 'lack of discipline'

MRS HELEN SUZMAN, Law and order spokesman for the white Progressive Federal Party (PFP) opposition, described the Kannemeyer report as "a devastating indictment of the manner in which the military and his which the minister and his senior officers are handling the portfolio of law and order," writes our Johannes-

order," writes our Johannesburg Correspondent.

It painted "an alarming
picture of confused lines of
communication, ambivalent instructions regarding the use
of riot control equipment and
a disregard of normal standing orders by the police."

The fact revealed by the
report that 35 out of the 47
people killed and injured
were shot in the back was
"shocking" as it indicated
"a total lack of control and
discipline within the police
force," Mrs Suzman said. "It
is clear that the entire
structure and functioning of
the police force needs urgent
revision if similar tragic revision if similar tragic incidents are to be avoided in future."

In a memorandum from the Ministry of Law and Order the Government "reiterated its regret at the deaths" but also "reaffirmed its responsibility for safeguarding with all means all the peoples of South Africa in their right to work and partake in cultural and political activity without fear."

It added that the Government and South Africa owe the police their "gratitude and appreciation" for hearing the brunt of maintaining law and order at a time of

It pledged the following Review of procedures relating to applications for the prohibition of funerals.
Constant review of the needs of the police in terms of

manpower, equipment and training to carry out riot control efficiently but at the least danger to themselves and the public.

A beard of inquiry under the Police Act "to consider matters relating to certain

findings by the Commission in respect of the South

African police."

have been effective in dispers-Maduna Square (the meeting point in Langa) and started to move towards Uitenbage."

The report refutes allegations made at the hearings that police had tampered with evidence by placing stones near the dead and wounded or had shot and killed wounded victims. Evidence given in this regard was "unsatisfactory" and furthermore "there was no reason for it and had it hap-pened it would have been cold blooded murder."

At the same time, however, the report accuses the police of exaggerating the arms carried by the crowd. After the crowd were dispersed "the only weapons left on the scene were ing fire after a single warning a piece of wood, a pick handle shot. But "teargas may well and a length of iron."

# Australian unions to seek changes in tax plans

THE Australian Council of shelters such as gold mining Trade Unions (ACTU) is expected to demand exemption of food and other necessities mined retreat. from the broad-based consump-tion tax which forms an intgeral

part of the Hawke Government's plan for sweeping reform of the tax system.

Union views are bound to be the key factor in the tax reform package expected later this year. The tax issue is already shaping up as a make-or-break test of Mr Bob Hawke's Labor Government in Canberra.

test of Mr Bob Hawke's Labor
Government in Canberra.
Last week the Government
published a White Paper proposing introduction of a consumption tax (similar to
Britain's VAT), and reductions
in marginal income tax rates at
all lavels.

mamely in calling for a tax on real capital gains, a crack-down on fringe benefits, and sweeping examination of tax connects on the next election. -namely in calling for a tax on

The White Paper will be the focal point of a "tax summit" in Canberra in the first week of July. The Government has said it hopes to formulate firm end of the year.

In its submission to the tax summit, the ACTU is expected to argue that the proposed 12.5 per cent consumption tax should not apply to milk, bread, school uniforms, books, public trans-port, housing materials and other sensitive items.

Top union officials signalled in marginal income tax rates at all levels.

The package is politically attractive but carries big risks
—namely in calling for a tax on

# Afghanistan siege lifted

its first major victory in the Konar Valley of Afghanistan, which borders Pakistan, by lifting the one-year-old siege of the key outpost of Barikot, according to western diplomatic sources in New Delhi, writes K. K. Sharma in New Delhi. This follows a concerted offensive which began in midMay in which at least 10,000 Soviet and Afghan troops were involved and helped by 200 tanks and 800 military vehicles. The object of the offensive was to cut off the main in

was to cut off the main

THE Soviet Union has gained supply route for the Mujahadin (rebel) forces operating from bases in Pakistan. A garrison had been besieged at Bariket, a short distance from the border, by rebels for nearly a

Soviet campaign is likely to be to seal the supply route, which diplomats in New Delhi feel could be achieved within a fort-The

night.
When this happens, the rebels will be seriously handicapped in sending men and materials into Afghanistan.

# Roger Matthews examines the consequences of the latest crisis facing Unifil peacekeeping forces UN finds persuasion a futile weapon in Lebanon

24 Finnish troops in south Lebanon is only the latest, but certainly one of the gravest, in a series of crises to have faced the United Nations Interim Force in Lebanon (Unifil) since it was first deployed in the spring of 1978.

For the past seven years, the UN troops have attempted to use persuasion as their principal weapon in a country wracked by internal feuding and subjected to foreign invasion. During that period they have suffered at least 100 casualties, of whom some 40 casualties, of whom some 40 have been killed.

They were denied from the outset the opportunity to ful-fill their mandate, which was to oversee the Israeli withdrawal following the 1978 invasion and more critically to assist the Lebanese Government in re-establishing its authority over

The UN troops, to acheve that objective, had to be deployed down to the international border; but this was prevented by the Israeli-backed militia of the late Major Saad Haddad the late Major Saad Haddad which sought to exercise its own authority in the border area.

At UN headquarters in New York there has been considerations of the late of the late was regularly criticised for failing to prevent guerrilla attacks and on occasion for alleged to a price of the late o

able pride in the pro- allegedly fessionalism of the 10-nation enemies.

Israel hopes its new plan for Middle East peace talks will smooth out differences with Washington and reduce the risk of the U.S. getting closer to the Palestine Liberation Organisation Organisation (PLO), our Tel Aviv Correspondent writes.

Officials yesterday acknowledged there was little new in the five-part plan outlined by Mr Shimon Peres the Prime Minister, but said they hoped it would prevent Israel being left out of the initial phase of any new peace process.

After months of Jordanian and Egyptian peace dip-lamacy, Mr Peres was anxious to launch an initiative of his own. Time was run-

1982 in maintaining some stability in the area and in pre-venting Palestinian and leftwing Moslem factions from passing through their lines in

in the period from 1978 to June

allegedly assisting Israel's On June 6, 1982, the ambitions

ning out for the Labour Party leader. Under the coalition agreement he must hand over power to Mr Yit-Shamir. Foreign Minister, a right-wing hard liner, next year.

In a clear "it's now or never" message to Jordan's King Hussein, Mr Peres urged that Israel, Jordan, Palestinians and the U.S. begin direct talks within three months.

'It became clear to the Prime Minister that when the topic is peace, one should be talking about an Israeli initiative and we should not just say no to Hussein on the points where we disagree," said Mr Uri Savis Peres'

Minister, served to make Unifil's role temporarily irrelevant. Israeli troops swept through Unifil positions without hindrance as they embarked on their ambitious plan to rid Lebanon of an armed Palesine Liberation Organisation (PLO) presence and reconstruct the country politically under the leadership President-elect Bashir Gemayel.

It was not until political failures and unacceptably-high Unifil force now numbering On June 6, 1982, the ambitions military losses forced Israel into So Unifil is once more subsequently military losses forced Israel into So Unifil is once more released.

The foliation of the foliation of the force of whom were subsequently military losses forced Israel into So Unifil is once more frustrated from extending its appreciated, it is claimed that Israel's Prime Minister and Mr Lebanon that Unifil's contributions and that Contributions of Whom were subsequently released.

The foliation of the foliation of whom were subsequently released.

The foliation of the foliation of whom were subsequently released.

The foliation of the foliation of the force into So Unifil is once more frustrated from extending its released.

The foliation of the fol

Israel has been particularly concerned by Washington's wish to hold a preliminary meeting with a joint Palestinian-Jordanian delegation. It fears this could lead to de facto American recogni-tion of the PLO and U.S. pressure to take unpalatable

decisions. Mr Peres has absorbed this into phase one of his plan which calls for establishment of a narrow Jordanian-Palestinian and Israeli team to prepare a conference between the three groups The Israelis however have

so far offered no compromises on the key question of which Palestinians they would be prepared to meet. The Peres plan simply says Palestinian

although in the interim the Lebanese Government has Lebanese Government has always sought and won the six-monthly renewal of the Unifil mandate.
The situation Unifit faces

today parallels that of 1978. Once again Israel has officially withdrawn from Lebanon and again it has left behind advisers and intelligence officers to assist a militia of its own creation, the South Lebanon Army, to police a 7-12 mile zone.

tinian guerrillas, it is the Shi'ite militia Amal which is seeking to attack the Israeli-backed

between the SLA and Amal which sparked off the present crisis. Shi'ite gunmen succeeded in capturing 11 SLA men. Amal says they defected: the SLA insists they were captured with Unifil connivance. In retaliation, the SLA seized 24 Finns, three of whom were subsequently

representatives should be

"authentic" residents of the Israeli-occupied West Bank

Mr Pere's statement

received a cool reaction from the Arab world, reports AP

from Cairo. The Jordanian

Government withheld comment, but the Government-owned Press said the pro-posals were "a counter-attack on peace" and made "the present position more compli-cated without bringing peace

closer." Palestine Liberation

Organisation officials accused

Mr Peres of "refusing all ways of a solution for

peace" by excluding the PLO. State-controlled news-

papers in Egypt avoided editorial comment.

and Gaza strip.

far failed to secure the release of the Finns, although the SLA has withdrawn its threat to kill the hostages. Israel claims that, despite financing and equipping the SLA, it has limited authority

over its actions. However, there is little doubt that Israel would prefer Unifit to withdraw so that it can pursue without any external in-volvement its aim of imposing an agreement with Amal. The armed Shi'ites in the south have been left in no doubt that if they wish to avoid further puni-tive treatment they will neither

attack Israeli territory nor permit any other force to do so. Amal appears equally determined that it will rid the south of all Israelis and any local militia which acts in co-opera-tion with them.

Unificontinues to be caught between these opposing forces and, as ever in UN peace-keeping operations, the effectiveness with which it can exercise its role must ultimately depend on whether those forces genuinely

desire a peace to be maintained. Whether those nations which contribute to Unifil think it is still worth trying in southern Lebanon will be known officially in October, when its mandate is due to be renewed. The manner in which the present crisis is resolved is obviously going to be crucial to the future of a UN presence in that



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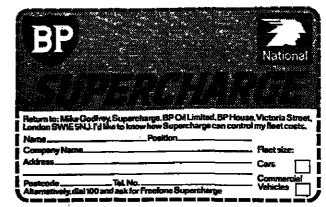
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BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

time ban on direct Western investment in its industry in establi-soliciting Western interest in tures." setting up a consumer electronics joint venture, a Czechoslovak minister revealed

in London yesterday. Czechoslovakia would thus be putting itself in a middle position in Comecon, between Hungary, Poland, Romania and Bulgaria which permit a range of Western investment. and the Soviet Union and East Germany which do not permit

any. Addressing UK businessmen at a "Czechoslovak Business Week" being held in London and Manchester this week. Mr Karol Horvath, deputy minister of the Electrotechnical Ministry, -legislation would be required cited examples of consumer pro-ducts that Prague was interested in such as televisions. compact disc players, video-recorders and lamps.

He gave two main reasons the Prague Government controls. Second, consumer generally declined. controls. Second, consumer generally declined. Inter-electronics were still a have been few recent additions relatively unimportant sector to the half dozen Western joint in the Czech market, so that if a joint venture somewhow went to the 40-odd joint ventures a joint venture somewhow went wrong, the damage to the that Hungary has, economy would be less than if. Private, Western

CZECHOSLOVAKIA IS making even in consumer electronics a limited exception to its long. But he said, we do not exclude the possibility of discussing the

> Laying out the broad con-ditions, he said a foreign com-pany could hold un to 49 per cent of the joint venture's equity, could contribute its share in machinery and techni-cal knowhow as well as cash, and would be able to repatriate its pro rata share of profits. Any joint venture would be et under Czechoslovak law and be able to tradea broad on its own account, he said. In the event of liquidation, a "liquidation commission," would assess the value of the foreign company's stake and return it. The deputy minister said no new

to allow joint ventures, because there was nothing on the exist-statute book that formally banned foreign investment. After a flurry of Western in-terest in the early 1980s in setting up joint ventures in two of the East European countries had chosen this sector in which of the East European countries to relax its inhibitions about which permit majority foreign Western investment. First, con-sumer electronics were largely gary, Western enthusiasm for unaffected by Western export this type of investment has

Private, Western-owned com-panies firms, known as Polonia Mr Harvath implied that his country was still primarily interested in industrial country was still primarily in-terested in industrial co-operation, presumably manufac-ture under Western licence, small scale, while in depressed Romania, there has been net Western disinvestment since the 1970s.

Japanese diplomats said East

They explained that because

Abe in E. German talks

BY LESLIE COLITT IN BERLIN

JAPAN'S Foreign Minister, Mr even worse in 1983, when Japan Shintaro Ahe, is expected to exported \$325m and East Gerhear a familiar complaint today many sold only \$70m. in talks with East German German officials would raise the trade problem, officials on the heavy imbalance in trade between the two countries. Mr Abe arrived from Poland, on the first visit to East Germany by a Japanese Foreign Minister since diplo-East Germany demands counter purchases for a considerable matic relations were established

While Japan sold \$153m (£122m) in products to East Germany last year, it bought Germany last year, it bought only \$42m worth of East German goods. The imbalance was from East Germany. unveiled

PROPOSALS for a manage-ment shake-up of Britain's financially troubled export insurance agency, the Export Credits Guarantee Depart-ment, are due to be published

some regional work into the hands of private insurance

The review was set up after ministers had rejected the central conclusion of a com-mittee of outsiders appointed

Matthews, said the ECGD should be converted from a government department into a public corporation in order to make it more responsible to its market and more emelent. in its operation.

Finns in China deal IVO-Consulting, a subsidiary of Finland's State-owned power company IVO will sell district heating know-how to China. The company is work-ing a heating plan for a town of 700,000 people in the northern part of China. Olli Virtanen reports from Helsinki. When the project is completed Finns expect to get involved in a number of simi-lar projectes around China. IVO-Consulting won the deal after three years of negotia-tions, competing against Danish and Swedish com-

Korea-U.S. venture portion of its imports from Japan, Japanese trading bouses were re elling East Ger. an goods to third countries. Thus these products were not recorded as Japanese imports

# Reform plan for ECGD to be

By Christian Tyler, Trade Editor

foday. The recommendations of an internal review team, helped by outside manage-ment consultants, have been kept a close secret. But the City expects at least four suggestions to emerge: higher salaries for top ECGD managers, freeing them from civil service pay scales; a hoard of directors instead of the present advisory committee: separate underwriting risk: and devolvement of

This committee, under Lord

It is widely believed that the new inquiry has tried to remedy these alleged defects by less drastic means. Any serious reform of the department will need ministrial

KIA Industrial of South Korea has established a joint venture with TRW of the U.S. to pro-duce car parts, a KIA official said yesterday, AP-DJ reports Chris Sherwell, recently in Jakarta, examines the latest controversial reform

# Indonesia cleans up its ports and Customs

MANY A lurid story has been to ensure prompt told of corruption in Indonesia's ports and Customs, of officials at all levels delaying clearance of goods, squeezing importers and exporters at scores of documentation stages and earning fortunes to pay for smart cars

and overseas trips.
As of last month, however, all that is supposed to end. In the space of a few April days, the Government issued an array of 33 decrees completely reforming the ports and virtually ending the need for Customs staff by

imposing a radical new system.

The move followed the sacking earlier this year of the Customs chief, and is aimed at combating the costs, in efficiency and competitiveness, of the old c rrupt ways. Just as important it is part of an ambitious programme of deregulation and reform which has already embraced investment procedures, the bank-ing sector and tax system.

The ports and Customs are the latest target of the reformist onslaught. President Suharto.
without any forewarning, issued.
a presidential instruction on
April 4 which even the normallycautious World Bank described as "bold, far-reaching and sweeping." This was followed by a full set of implementing, regulations from Indonesia's economics ministers, led by Dr. Ali Wardhana.

them appointed Société Général de Surveillance (SGS), a private Geneva-based firm, to inspect and certify imports in tion. Half the 13,000 Customs port with staff have since been given paid vention. leave, and the immediate effect Where

to set up its Jakarta operation from scratch in only two weeks. lts olegant and imaginative scheme cuts import and export procedures to a minimum because the firm has a full-time staff abroad of 13,800, at hundreds of cities in 140

different, countries.
Under the scheme, an Indonesian buyer making payment by letter of credit (1/c) must advise SGS of the 1-21 at must advise sets of the Fat at its Indonesia co-ordinating office in the country of the seller. Typically, this is done through his bank and the seller's bank. SGS will then physically inspect the goods to ensure that they are in line with specifications, are correctly classified and con-form to the description on the

More importantly, however, SGS makes a price compari-son to ensure that the price agreed between buyer and seller is, within reasonable limits, in line with the export price prevailing at the time the deal was

struck,

If all is in order, SGS will
issue a "clean bill of findings,"
Known in Indonesia as an LXP. bank, which needs the LKP and took effect on May 1. The most a bill of lading for the seller to significant and controversial of to receive payment. It then them appointed Société sends the LKP to the importer's bank, which collects his taxes and duties, as assessed by him from SGS's reported findings. their country of origin and The importer then uses the bank exports at their port of destinaport without any Customs inter-

Where SGS finds a discrep-



Dr Wardhana: Yull set of

ancy, for example over price or classification, the seller will still receive payment according to the original agreement. The Indonesian importer, however, will always have to pay duty on the full value assessed by SGS, and higher duties where goods are wrongly classified to incur lower ones.

Apart from increasing efficiency, one major effect of the system is to expose and remedy under-invoicing, a persistent malady in Indonesian trade and one helped by the absence of foreign exchange controls. If foreign exchange controls. If the importer disagrees with SGS's findings, he can appeal, but without an LKP he receives

nothing.

Cortain categories of goods, such as banned items, diplo-

matic goods, weapons for the ment has abolished the special armed forces and exhibition certificate required by foreign equipment, are exempt from the ships to call at Indonesian ports, new scheme and subject to Customs clearance in the usual fashion. So are goods below \$5,000 (£3,940) in value, unless importers choose otherwise. They are already taking advantage of the new scheme to clear their goods more speedily.

Regarding Indonesian exports, the reforms mean that goods are no longer subject to regular Customs inspection in Indonesia. Where an exporter needs documentation in order to claim back subsidies or levies on his imported raw materials, SGS will inspect the export items at the port of destination.

Many Indonesian goods with no import content qualify for this so-called "drawback." but this is expected to change following Indonesia's signing of the Gatt code on export subsidies and countervailing duties earlier this year. The U.S. in particular had complained about the hidden subsidies offered under the old scheme.

All these import and export reforms, which eliminate the scores of signatures needed on trade documents, have been companied by equally radical changes at the ports, hitherto among the most expensive in

the region. The port changes simplify the complex web of charges for piloting, mooring, stowing and harbour-master fees, and reduce loading and storage charges. Special firms are also being established to improve cargohandling, and cut stevedoring

fees.
On top of this, the govern-

certificate required by foreign ships to call at Indonesian ports, and ended the need for inter-island ships to carry various forms of documentation. It has appointed new, more powerful port administrators to improve services and ordered the military to enforce the regulations.

Inevitably however, most attention has focused on the new import arrangements, and SGS officials have been addressing groups of local and foreign businessmen, traders and diplo-mats to explain how it all works. It is still too early to judge how successful the moves have been, and some importers say they want to test the system, and SGS.

It is also not certain what the likely implications will be for neighbouring Singapore, one of the world's busiest ports. through which many goods bound for Indonesia pass. The Singapore Government never divulges its Indonesian trade figures, partly because of the volume of smugnled goods in-volved but also because goods can change hands and classification, and price while waiting in Singapore and on their way to Indonesia. This latter trade will now be subject to SGS scrutiny.

SGS's 'comprehensive import used by 18 other governments before now including Zaire, Nigeria. Mexico and Angola. but assistance is cicarly embarras-sing. Its military-dominated government has had to acknowledge that its own Customs, run by figures seconded from the military, has failed the country.

# Gulf Air cuts fares to combat rival from Dubai

GULF AIR, the national carrier to dissuade Dubai from proceedfor Bahrain, Qatar, Oman and the United Arab Emirates has Dubai a one-fifth share in Gulf made fare cuts of up to 25 per cent on routes between member countries, Angela Dixon reports from Abu Dhabi. This follows a decision by Dubai to form a new airline.

Dubai's new airline, Emirates Airlines Company, which is expected to start operations in October, will serve destinations in the region, on routes now served exclusively by Gulf Air. Gulf Air, in which the govern-ments of the four Gulf countries each have a 25 per cent competition on international imbalance that runs share, made strenuous efforts routes from the area is fierce. South Korea's favour.

**UK** delegation visits S. Korea DELEGATION of British

industrialists, headed by Mr Geoffrey Pattie, UK Minister of State for Industry and Informa-tion Technology, has arrived in As the chief representative of Seoul to promote the develop-ment of markets for British Iata in the region, Gulf Air has been able to set fare prices and high technology products, Steven B. Butler reports from

determine routes in the member countries. Travellers going from one Gulf destination to British embassy officials say another have to fly with this airline, and Gulf area fares have the delegation could play a key role in introducing South been among the highest in the Korean companies and govern-ment officials to the strengths of world in terms of unit cost. Competition on its home routes is particularly unwelcome for Gulf Air at a time when

British industry.

The visit is also seen as part of a process to rectify the trade at 23 per cent, imbalance that runs heavily in This is the c

### International coal trade set for rapid expansion THE international coal trade is International Energy Agency

expected to expand to more (IEA) into the infrastructure than 600m tonnes a year by the year 2000, a 156 per cent increase over the 1983 level. despite reduction of earlier forecasts, Maurice Samuelsen

increase facilitated by the lack of any constraints in the transport systems of major importing and exporting countries and by the surplus tonnage in coal carrying vessels, currently put

This is the conclusion of a report by the Paris-based

required for moving coal between various parts of the

In 1983, 260m tonnes of coal were traded world-wide, 5 per cent less than the record 273m tonnes in 1982. Current IEA forecasts are for 405m tonnes in 1990 and 630m by the year 2000, representing 56 per cent and 156 per cent rises respectively over 1983.

\* Maring Coal, International Energy Agency, 2 Rue Andre Pascal 75775 Paris Cedex 16,

# PLANNED EFFICIENCY AND ECONOMY IN THE USE OF ELECTRICITY.

# Laskys opt for energy-efficient comfort.

advantages of heat pumps for environmental control, based on previous installations in several of their other stores, it was hardly surprising Laskys chose this system for their new rotail hi-

fa TV and computer store in Cambridge. Laskys, a leader in the highly competitive held of retailing, wanted to create the right environment in which their customers can make their selections. They needed an efficient heating.



cooling and ventilation system that would keep staff and customers comfortable all year round. The new store, in the modern

Grafton Centre Shopping Mall, has a floor area of 264 square metres. Cooling was needed to cope with the heat gains generated in a busy, modern store with demonstration equipment operating all day. At the same time, there had to be a low-cost way of heating the premises in winter Because of the nature of the business, whatever system was chosen

also had to be relatively quiet. After talking with the local Electricity Board. Laskys found that they could meet their heating and cooling requirements with a single packaged air-to-air heat pump.

### Rooftop Unit

The heat pump is located on the roof and conditioned air is ducted from it through a service void to the sales areas, The system is controlled by a time clock and outside thermostat. For maximum efficiency, the ventilation system normally recirculates 80% of the air in the building with 20% being constantly replaced by freshair.

For further information, tick box number 1,

# Perton Middle School. A lesson in hot water economy.

One of the first lessons learnt at Perton Middle School, Staffordshire, was that electricity can save you money, particularly where water heating is concerned.

Stattordshire County When Council made a cost in use analysis to see which alternative offered the lowest running costs for the substantial quantities of hot water the new school yould need, the clear choice was electric water heating at the point of use.

Planned for over 400 pupils and staff, and with a floor area of 2,250 square metres. Perton School needed a safe, reliable hot water supply throughout the building - in washrooms. domestic science, handicraft, medical and staff rooms, kitchen and showers. Some areas, such as kitchen and showers, needed lots of water others: just the occasional basinful.

Eleven thermostatically controlled ·lectric water heaters were installed at the school, varying in capacity from 10 to 1750 litres to meet individual location demands. By positioning these at the point of use, long heat-wasting pipe runs were avoided. All the heaters were factory insulated to minimise heat losses. Spray taps were fitted in children's toilets as another means of reducing the amount of water used and keeping down costs.

### Low-cost night tariffs

Most of the water heaters are of a type which enables full advantage to be taken of low-cost night tariffs. With electric heating and water heating, in one year's operation 88% of all the electricity consumed was at the cheaper

Mr Norman Preston, Chief Building Services Engineer in the County Architect's Department, and with experience of some 100 schools with similar water heating installations, said: "With economical capital, maintenance and operating costs, electric systems are really an attractive pro-position. Considerable savings are possible if water heaters are put just where hut water is needed. Since the system is entirely automatic, operating costs are further reduced and maintenance

Perton School is also used extensively for evening community activities. Headmaster, Mr DE Jones commented: The operation of the water heating system has proved entirely satisfactory for children and abilits alike. For further information, tick box number 2.

# London Hospital, Whitechapel.

Over 2,000 hot meals a day are just what the doctor ordered.



Electric cook-chill means hotter, more enjoyable meals for patient Feeding some 700 patients and staff at the London Hospital at Whitechapel

district manager Peter Kerry. The old bulk-heated food trolley system meant that food was often cold by the time it reached the wards, 20% was wasted, there was no portion control and no choice of menu for the patients. After examining all the options. Peter kerry decided that the cook-chill system was the cleanest, most con-venient and most efficient system for

used to present a major headache for

Cook-chill is based on the normal preparation and cooking of food, followed by rapid chilling and storage. At meal times the food is simply retrieved from storage and re-generated (re-heated) immediately.

At the London Hospital, the three old kitchenswere made into one central production kitchen. Food production is now a streamlined operation that

makes use of fewer items of equipment, more intensively and efficiently.

Next to the production kitchen is a new development in cook-chill - a tood handling area which is environ-mentally controlled at 10 C. Here bulk

food from storage is divided into ward requirements:

The patients' meals are regenerated at the words in special, high efficiency, electric radiant overs. Each can deal with 15-30 meals every 30 minutes. Staff food is regenerated next to the staff dining room and passed straight

through to the servery, piping but. Peter Kerry finds that his staff are employed more efficiently, and the cook-chill system evens out the peak and slack puriods of traditional kitchen operations. The kitchen equipment is used to maximum efficiency, loo, as production can be scheduled over the

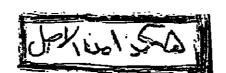
full working day. Quality and portion control are simplified. A wider range of dishes can be produced and stored than is normally possible in large scale operations using bulk-heated food trolley systems. Cook-chill systems can be adapted to a wide variety of commercial and institutional situations: - everything

from using spare kitchen capacity in a small-sized operation to providing industrial staff catering on a large scale. At the London Flospital, cook-chill has proved to be so successful that it is being extended to supply high quality meals to other hospitals in the district.

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# **AMERICAN NEWS**

# Reagan's 'last warning' on Salt violations

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan's renewed but qualified commutment to the Salt 2 treaty was intended as a "last warning" to the Soviet Union to cease violating arms control agreements or face an accelerated U.S. strategic build-up. Mr Kenneth Adelman, the Director of the U.S. Arms Control and Disarmament Agency, said in

Monday afternoon.

Monday afternoon.

By yesterday it was becoming clearer that Mr Reagan had done little more than postpone a final decision for perhaps a final decision for perhaps a few months, and put himself in a position in which he could break treaty limits if Soviet non-compliance with Salt. and failure to correct past violations, would be met with "proportionate" U.S. military responses, rather than a U.S. walk-out from Geneva, he said.

Monday afternoon.

By yesterday it was becoming clearer that Mr Reagan had done little more than postpone a final decision for perhaps a few months, and put himself obliged to break treaty limits if Soviet violations continue.

Mr Caspar Weinberger, the conservative attempt to persuade Mr Reagan to abandon the treaty after it expires

Monday afternoon.

By yesterday it was becoming clearer that Mr Reagan had done little more than postpone a final decision for perhaps a few months, and put himself obliged to a few months, and put himself obliged to break treaty limits if Soviet violations continue.

Mr Adelman said.

Mr Adelman said.

Mr Adelman admitted that the Pentagon official.

Few experts in Washington moving that Moscow will come anywhere near meeting Mr Reagan's demands for treaty compliance.

In the expected absence of any such move by Moscow, the Pentagon and its conservative allies will be in a strong position to insist that Mr Reagan believe that Moscow must be penalised to anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's demands for treaty of anywhere near meeting Mr Reagan's d



# INTERMEX GROUP

### EXTRACT FROM CONSOLIDATED ACCOUNTS (MILLION U.S. DOLLARS)

At 31 March	1983	1984	1985
Total Capital Funds	76.1	85.2	93.5
Shareholders Equity	61.1	70.2	78.5
Loan Portfolio	896	836	826
Money at Call & Deposits with Banks	48	74	107
Total Assets	970	935	957
After Tax Profit	8.3*	9.1	8.3
£/\$	1.48	1.44	1.24
كالمساوات والمساوي والمساوات والمساو	4.5		

### INTERMEX - BANKING SPECIALISTS IN MEXICO

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# Nicaragua 'given \$402m aid pledges'

BY TIM COONE IN MANAGUA

and research staff.

THE FINANCIAL TIMES

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NICARAGUA has received substantial finance aid commitments totaling \$402m from Western and Eastern Europe as a result of the recent was fur 1985; some was due for dispersal of Vice-President Daniel Ortega and Vice-President Dr Sergio Ramirez.

Dr Ramirez, on his return to Nicaragua this week, said: "We are very satisfied with the results," he pointed out that \$202m had been provided by the "USSR, the socialist community and Yugoslavia" and \$200m from Western Europe, which

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# Lawson urges increase in small shareholders

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

lor of the Exchequer, yesterday urged the City of London and the building societies to make it easier for small investors to build up a

He said that he hoped the current shake up of City institutions would help to bring down costs for small

At the same time, he said, the Government's Building Societies Bill would allow the societies - savings institutions which lend monly for house purchase - to offer outlets in shopping centres for buying and selling of shares.

These changes would require imagination and enterprise as well as a campaign to educate the public about the advantages of owning

tutions took up the challenge, there was a major new market to be tapped.

The abolition of fixed minimum. commissions would mean lower charges for institutional investors. but it did not follow that costs for

small investors would rise, as American experience had shown. The Chancellor was delivering the Maurice Macmillan Memorial Lecture to the Wider Share Ownership Council in London on the

He said the Government's success since 1979 had already had a ment in smaller companies.

major effect in transforming atti
The privatisation of 12 major

• A major move towards home ownership the foundation stone of the property-owning democracy." The sale of some 750,000 public sector houses to tenants had boosted home ownership to more than 60 per cent of all households. These sales had fostered pride of ownership, better maintenance and also a profound change of attitudes.

 Better tax treatment of employee share schemes. The number of these schemes had grown from 39 to about 900, involving 750,000 employees. Their share options now had an original value of more than Elbn. This was "little short of a revcintion on employee share owner-ship. Since the more favourable tax treatment of share options mes announced in last year's budget, some 1,290 schemes had

been submitted for approval. • Wider share ownership had been encouraged by a series of tax changes including: the halving of do is nothing less than to transform stamp duty and a six-fold rise in the threshold at which capital gains tax we live."

MR NIGEL LAWSON, the Chancel- irreversibly into a property-owning becomes payable. The business expansion scheme and unlisted securities markets had helped invest-

tion of wealth. The measures taken by the Government included:

A marie privatisation of 12 major state owned companies had created an appetite for share ownership among the Balling. among the British public, which others besides the Government could satisfy About 330,000 employees had acquired shares in the com-panies they worked for as a result of the privatisation programme so

> Mr Lawson said that the selling of British Telecom, the largest new issue to have been floated anywhere in the world, had involved 750,000 individual shareholders.

"Many of them probably never owned a share in their lives before," he said, but all of them now saw themselves as owning a stake in British industry.

These were major steps towards replacing the sterile them and as mentality by a sense of common interest and shared purpose. This was the Government's vision; the privatisation programme and en-couragement of wider share ownership were means towards this end. He said: "What we are seeking to

# Member of Alliance Society taps market **Exchange** council

MR JEREMY LEWIS, a member of

the London Stock Exchange ruling council, yesterday resigned his seat

vised to resign his seat yesterday by senior stock exchange figures af-

ter his public opposition last week

to a reform package
The changes would have led to

outside groups that have forged links with stock exchange firms gaining a bigger say in the affairs of the market.

Mr Lewis, who had been a mem-

ber of the constitutional committee

that had drawn up the reforms,

spoke out against them at a meet-

ing of stock exchange members last

resigns

the first time to raise £75m through a syndicated revolving credit facili-ty. It is doing so because this is at current rates of interest a cheaper source of finds than investors'

BY MARGARET HUGHES

The society, which is planning to merge with the Leicester Building council, yesterday resigned his seat because of his opposition to proposed constitutional reforms at the second of the large building socie-He immediately stood for a place on the council at elections to be fought later this month, in what is expected to be the most hotty contested election the exchange has a second of the large building societies are paying even more for their traditional source of funds.

The return which Alliance is the syndicated loan market. President

cheaper source of funds than sav- than the cost of retail funds.

ers' investment accounts.

expected to be the most hotty contested election the exchange has
forays by societies into the syndiseen for years.

In what market its description in the syndimarket its description in the syndimarket its description in the syndimarket its description in the syndiseen for years.

In what market its description in the
syndicated loan market. Previous
paying investors compares with a
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syndicated loan market is description.

By the end of this year the Alliwhich plans to raise £100m through
ance will have raised some £425m
form sources other than investors'
a floating rate note issue

The Alliance is currently paying facility are less generous than those investors between 10.9 per cent and paid by the Halifax on its syndication paying the smaller capital ed loan of 0.15625 of a percentage gains tax. point. But the Alliance sees this as . The Alliance sees its present the price which it has to pay for the status of the international banks Eurobond market once societies are participating in the syndicate, which is lead managed by J. Henry

THE ALLIANCE Building Society have been on a much smaller scale. ket rates. The Alliance has the opdeposits. This has been largely has tapped the capital market for The Alliance, which has raised a tion to pay interest at three months, through certificates of deposit. larger proportion of its funds from six months or, with the syndicate's However, the Alliance was the first wholesale sources than other socie- agreement, at any other interval. At society to issue fixed rate bonds, ties, said yesterday that it was tapping the syndicated loan market at this moment because it provided a schemos synthesis of the syndicated loan market at han the cost of retail funds.

The terms of the revolving credit

whereby investors would sell bonds shortly before the dividend was due

allowed to pay interest gross. The Alliance is planning a similar move

# Lancia importers pin hopes on new model

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE FUTURE of the Lancia car least 3,000 a year and possibly 5,000. business in Britain is heavily bound That would go a long way towards up with a new model launched to the 8,000 annual registrations the day, says Mr John Norman, manag-

The newcomer, a hunny mini car called the Y10, needs to stem the week. In a later vote, while reforms which will allow outsiders to own 100 per cent of stock exchange sales, down from a peak 11,764 in firms was passed, a second vote on the constitutional changes failed harmonly to gain enough support. 1978 to only 2,639 last year.

Lancar, the import company, hopes that Y10 sales will reach at

company needs to be viable and to ing director of the Heron group sub-sidiary which imports the Italian in Italy, Lancia, a Flat subsidiary, pulled out all the stops to get the right-hand-drive versions of the Y10

into the UK market in time for the peak selling season which comes to a climax in August with the introduction of the new prefix letter - been sold before the launch.

As a result. Britain is the first ex-

port market to have the Y10, which years Lancia has used this medium. was launched in Italy in March. Three versions are available in the relatively modest compared with UK: the Fire (using Fiat's new Fire other companies and the C5m Fiat

in television, the first time in five to have 150 dealers.

The launch budget is about £1m, 1000 engine) Touring and Turbo, spent to launch the Lancia Delta in with prices ranging from £4,330 to Britain in July, 1980.

Mr Norman said that Lancar will Mr Norman claimed yesterday spend most of its other promotional that initial reaction of dealers had money this year to upgrade the been enthusiastic and the first two dealer network. Five or six dealers months allocation - 500 cars - had from the current 100 are being replaced every month as part of this The newcomer will be advertised exercise. Lancar ultimately hopes

# **Demand for Opec's** oil 'at low point'

BY DOMINIC LAWSON

THIS YEAR will mark the low point in the works's demand for oil produced by the Organisation of Petrolearn Exporting countries (Opec), according to British Petroleum (BP), which yesterday published its annual review of world energy.

As world demand for oil stag-

nates, Opec's difficulties have been exacerbated by the relentless in-crease in oil production outside

Mr Russell Seal, BP Oil International's general manager, trade and supply, said yesterday that non-Opec production had increased in 1984 by 1.5m barrels per day to 24.5m b/d. It was now running at 25.4m b/d and would hold at that level for the rest of the year.

a key factor in Open's discomfiture, fuel and reduced the demand for But the North Sea producers once again boosted output, with a 9.6 per cent increase from the UK and a 15 per cent increase from Norway.

The total per cent increase from Norway.

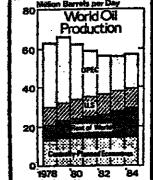
ed demand for oil not to fall over production in May might have the next two years and that non-Opec countries would do well to the weakness in oil demand. maintain current output levels.

However, BP rejected any idea that maintain current output levels.

Last year demand for oil in Britain should attempt to ease the creased by 1.9 per cent, the first in downward pressure on oil prices by

crease since 1979. But BP pointed cutting North Sea production. out that the performance of oil was Mr James Ross, BP's general "particularly poor considering that manager, corporate planning, yes-some 0.5 per cent of the 1.9 per cent terday showed the company's anx-increase in oil demand during 1984 lety at the current state of the oil was a direct result of the UK min-market with an attack on those in ers' strike and against a back- consuming nations who welcome a ground of a 4 per cent increase in return to "cheap oil." overall energy demand."

with Japan in particular switching from oil to gas. Total world coal congrowth in energy demand would be sumption was up by 4 per cent, despite a 30 per cent reduction in the UK caused by the pit strike.



Last year showed a 17 per cent rise in the amount of electricity increasing production by devel-generated by nuclear plants, this oping countries in the Far East was displaced over 40m tonnes of fossil

BP said yesterday that it expect- day that BP estimated that Opec

The oil price has fallen by over a quarter in real dollars over the past The report further underlines the quarter in real dollars over the past extent to which other fuels, cheaper five years and Mr Ross admitted than oil, are continuing to take oil's that, "with Opec's surplus capacity World gas use grew by 6 per cent, ahead." once dominant place in the energy overhanging the market, some

satisfied mainly by gas, coal and nuclear power.

North Sea tax revenues, Page 10

# Warning on subsidies to foreign companies

BY WALTER ELLIS

BRITISH INDUSTRY is being hit increasingly hard by government subsidies to foreign companies wishing to set up manufacturing facilities in the UK, according to the Electronic Components Industry

Federation

Mr Lamont told the delegation he would study the case presented to bim and would try in future to consult with established companies in Electronic Components Industry

Federation

Guidelines on subsidies to incomp

sey had met Mr Norman Lamont,

Guidelines on subsidies to incom-

Federation.

Mr Richard Bullock, the ECIF director-general, said yesterday that accepted guidelines on subsidies were being allowed to slip, partly through political expediency.

Earlier, a delegation of ECIF Council members, led by Dr Melvyn Larkin, technical director of Plessey had met Mr Norman Lamont.

Guidelines on subsidies to incoming electronics companies were first laid down in 1980 and were endorsed again this year. They cover the need for the Government to ensure that companies wishing to move in to the UK should not add needlessly to existing spare capacity.

The ECIF arruses that bringing in

The ECIF argues that bringing in Minister of State at the Department new overseas companies on the basis of State and Industry, to demand a six of state subsidy too often has the effect of hurting existing companies

# BAe to cut workforce

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE (BAe) is planning to reduce its workforce at its Warton (Lancashire) division over the years, by introducing a programme of voluntary early retirement. No enforced redundancies

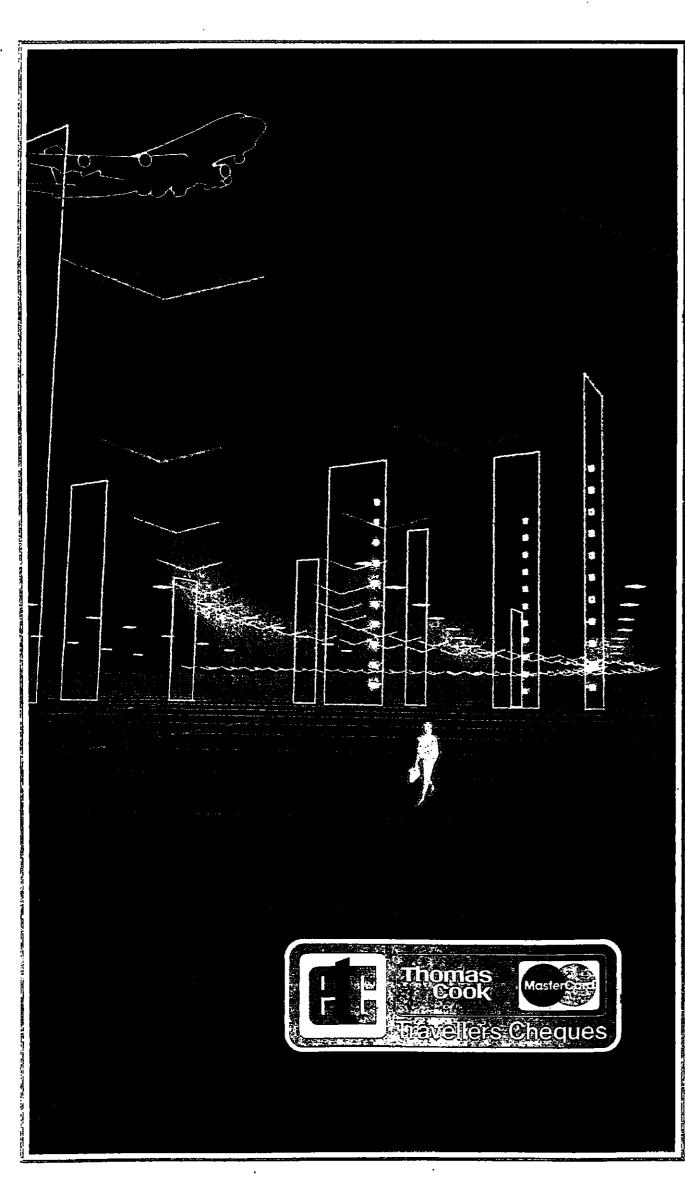
No firm future level of the workforce is fixed. Much depends on the workload involved, especially whether or not a new fighter project (either collaborative or an all-tirement. No enforced redundancies

UK venture) replaces the Tornado as the latter programme.

The Warton division, part of the military aircraft group, which with the unions at Warton, is for all builds the Tornado Anglo-West personnel who have served for German-Italian multi-role combat aircraft, currently employs about 16,000 and the aim is to reduce this age rate of about 500 a year.

as the latter programme runs down. The plan now being discussed

more than 10 years, to be able to opt for early retirement if they wish. A similar plan was introduced for over the next few years at an aver- a brief period a few years ago, and is now being reactivated.



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# Shortfall forecast in North Sea revenue

of Treasury forecasts over the next election, which will place the Gov-two years, according to a report re-ernment's PSBR (public sector bor-Wood Mackenzie

The broker, specialist in the oil market, believes in the current fiscal year the Government will receive £11.2bn from North Sea taxes, a shortfall of almost £2%bn on the March budget's projection of

For the next fiscal year, to April 1987, Wood Mackenzie argues that the tax take will be only £9.2bn, compared with published govern-ment forecasts of £11.5bn.

One of the key factors in Wood Mackenzie's pessimism is a belief that the dollar will weaken against the pound, thus cutting North Sea revenues which are dollar denominated. The Government had based its forecast on the then prevailing sterling/dollar rate and on the prevailing dollar oil price.

Wood Mackenzie bases its analy-

MORR!

throughout this year, but that spot d yesterday by stockbroker rowing requirement) targets in prices will continue to trade well be Mackenzie. Jeopardy," the report argues. low official prices, with North Sea Brent remaining at about \$27 a bar-

> The major benefits of the North Sea oil to the UK economy lie in the past, says the report. It adds, "unfortunately, there are no more peaks to be scaled."

The UK oil output of 2.77m bar-rels per day reached in January is unlikely to be seen again, while the sis on the assumption that the Or- dollar has fallen by over 20 per cent

UK TAX REVENUES from the North Sea will fall about £5bn short more is possible before the next countries (Opec) will maintain its of Treasury forecasts over the next election, which will place the Govtended to prompt a compensating drop in the value of the pound against the dollar, thus preserving the Government's oil revenues.

Wood Mackenzie points out that the recent oil price weakness has seen sterling bearing up well, sug-gesting that an official Opec price cut need not produce a compensating fall in the exchange rate. So a cut of, for example, \$2 a barrel in the oil price could feed straight through as a £1bn reduction in government revenues, the report con-

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potential benefit, not only to you, but

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# Argyll to challenge foodstore leaders

By David Churchill

nance of Tesco, J. Sainsbury, and Asda in the £27bn a year grocery trade was launched yesterday by Mr James Gulliver's Argyll Group.

Argyll, which yesterday reported sharply improved sales and profits for the last financial year, is planning to give an £8m facelift to its 1,000 UK stores to create two national retail chains.

The present 150-strong Presto chain will be more than doubled in size over the next three years by the revamping of Argyll's Liptons, Templeton and Hintons stores. The aim will be to create a supermarket chain with stores able to compete with the best medium-sized stores operated by Tesco, Sainsbury and

At the same time, Argyll's 140 "Lo-Cost" chain of small conveni ence stores will be increased to almost 400 stores over the next three years by the conversion of small stores in the group.

"We feel we have developed a

on three new distribution centres to more than 7,000 today. But the St provide a more efficient service to the retail chains.

Argyll's plans, allied to an advertising campaign started by the superstore group Asda on Monday, will add fuel to the City of London's outside the borough for their jobs. suspicions that a new price war among supermarket chains may be work area, incorporating Wigan ing decided to lower its workforce women and for people who now to 5,700.

# Pilkington counts the cost of redundancies

PILKINGTON BROTHERS, Britain's largest glassmaker, produced cash figures last week revealing the financial costs of redundancy. After spending £80m over the past five years on job cuts, it was expecting to spend a further £30m over the next two years.

What these bare numbers do not reveal is the human cost of industrial change, productivity drives, plant closures and manufacturing decline among a clutch of big companies that has afflicted St Helens, Pilkingtou's birthplace.

The South Lancashire town. which has found itself in Merseyside since local government reorganisation 11 years ago, has been drained of 16,500 jobs through redundancy since 1979, two thirds of them from the glass industry and many of the rest after five big plant

This has bequeathed the town an unemployment rate of 19 per cent and 2.5m square feet of empty fac-

A pool of 14,400 unemployed has been created from the outright clo-sures of the British Sidac cellophane plant. Smurfitt's packaging factory and the Rockware glass bottle site, together with the breaking up of the Capper Neill engineering We feel we have developed a group and the labour shedding by trading formula at the convenience and of the market which we can Diesels (GEC) and, to a lesser expectation of the market which we can Diesels (GEC) and, to a lesser extranslate into profits," Mr Gulliver tent, the National Coal Board with

its three pits in the borough. This new retail strategy will be supported by a £15m investment has tumbled dramatically from programme over the next two years 16,000 in the mid-1970s to little Helens job centre has just 370 vacancies on its books, 100 of them in

The 1981 census showed that a third of St Helens workers went

Nick Garnett looks at the pace of industrial change at St Helens, birthplace of Britain's largest glassmaker.

unemployment than its neighbour, also has an unemployment rate of little under 20 per cent. Industry and housing live cheek by jowl in St Helens, which has a population of 200,000, half of them within the town itself.

It has one of Britain's largest proportionate Catholic populations and players like Beecham. one of the best supported Rugby League chubs

variated local structure for aiding small business start-ups and attracting companies. These bodies include the Community of St Helens Trust and Rainford Venture the St Helens Trust director. "We

The St Helens Trust itself claims

economic development officer, cal- is bothered. They feel detached culated that new jobs in the bor-ough have been averaging 800 a The counc year through start-ups and compa-

The sheer scale of the problem, however, is only too evident. This yearly figure of new jobs is half the number that Pilkington alone will do not end up with those made reshed over the next 12 months, hav-dundant. Many of them are for

aided by St Helens' development area status, is that the borough now has 12 clothing companies, includ-ing Courtailds Apparel, Janstorp International and Dashmore Ironically, St Helens, which has never been a textile town, although it grew close to what was the world's greatest cotton manufacturing area,

is now becoming more of one.

One development the council is pleased about is the decision of metal analyser Alfred H. Knight to relocate from Wallasey to St Helens. It is also heartened by labour stability at some long-standing em-

Hope and despair rub shoulders Leegue clubs
in St Helens and the scores of other
St Helens also possesses a much
towns and cities in the north and West Midlands where unemployment is pushing 20 per cent.

Capital (both set up by Pilkington) have never been so busy. This opti-and the local metropolitan borough mism finds little support from Mr and the local metropolitan borough mism finds little support from Mr council's economic development Gerry Caughey, coordinator for the council. They are all brought to- Centre for the Unemployed, a rathgether in what is termed the Busi-ness Partnership of St Helens. er sad but typical advice agency of a type which have sprung up in high unemployment areas.

to have assisted more than 370 new enterprises since 1978, which have created 5,000 jobs. Some academics are sceptical of these figures.

Mr Graham White, the council's are in a terrible bind, feeling to one economic development areas.

"Many people just cannot cope," says Mr Caughey, the senior shop structured during the seven week Pilkington strike 15, years ago. "They are in a terrible bind, feeling to one

The council has handsome promotional literature, a substantial year through starr-ups and compared building programme, much personal p

# Specialisation brings success in paper and pulp industry

BY ANDREW FISHER

SPECIALISATION is the key to success in today's highly competitive paper industry, Mr John Worlidge, chairman and chief executive of Wiggins Teape Group, told del-egates at the Financial Times paper and pulp conference yesterday.

"A company which has no specialisation does not have a strategy, and it is those companies without strategies which will go to the wall, he said on the second day of the two-day gathering. Decisions on positive development plan rather than a defensive reaction to aggressive competition. "There will be no future, or escape, in specialisation by short-term opportunism," said Mr Worlidge, who is also an executive director of BAT Industries, which owns Wiggins Teape. He said paper mills that had closed in Western Europe had either been unspecialised in the first place or had be-

In the past 15 years, about 4.5m tonnes of capacity had been shut down in Europe, or more than 500 machines. In the same period, however, 5m tonnes of new capacity had also been installed, involving some 80 machines. The high-volume sectors of the market have been taken over by mills which have specialised in low-cost manufacture by investing in large-scale

A further 5m tonnes of capacity had been created by the expension of existing mills and the conversion of newsprint and packaging machines. "Here we have the situation where machines no longer able to compete in one market sector are transferred to another sector, where they gain a new lease of life."

FINANCIAL TIMES

PAPER AND PULP

CONFERENCE

Also focusing on the benefits of Russell, the Scottish paper company. He contrasted the ways in which such companies could profit companies. both from what he called "differen. "It does n tiated technology" and from having the same structure will be allowed all operations on one site.

An independent company had to els rely on its resources to survive, being for reasons unconnected with That concentrated the mind, "and the sheer economics of the lowest-That concentrated the mind, "and the sneer economics of the lowestin this industry of ours, with its record of low profitability and overcapacity, concentration is perhaps one
of the keys to the independent company's success." Specialisation
through new technologies could be
expensive, however, Mr Wylie said.
Tulis Russell itself had spent £14m

Mr Frank de Wit, chairman of on a new mill for its Truflo coated-

stockbrokers Laing and Cruik-shank, expressed mixed feelings about the paper industry. It has al-ways been highly cyclical, highly capital-intensive, and, in the long run, rather disappointing in terms of profitability."

Noting that government had a countries, where it was very impor-

my, he said paper making could not be seen in isolation from the political context.

in strict commercial terms, the non-Communist world's output on standard newsprint should be concentrated in 40 or 50 mills, with four machines of 250,000 tonnes annual capacity each in every mill, using specialisation, but in reference to independent companies unlike Wiggins Teape, was Mr Ronald Wylie, that in 1986, he noted, with some efficiently produced pulp and with that in 1986, he noted 2m tonnes being produced on thirteen machines operated by four

> to emerge in Canada. It also appears likely that much capacity sewhere will be created or kept in

Mr Frank de Wit, chairman of on a new mill for its Trufio coated-paper process, and there were also high development expenses.

Mr Heary Poole, an analyst with

Mr Heary Poole, an analyst with used by buyers in Europe.

Other speakers at the conference were Mr Krister Ahlstrom, presi-dent of the Ahlstrom Paper and industrial group of Finland, Mrs Rowena Mills, chief executive of Rowena Mills Associates, the packaging consultancy firm, and Mr David rticularly pronounced role in the Butler, chairman of Butler, Cox and industry in Canada and the Nordic Partners, the management consul-

### Property team leaves Chase Manhattan

By William Cochrane

FIVE MEMBERS of Chase Manhattan Bank's property lending team in London are leaving to form a new company, backed by British and Commonwealth Shipping, which will specialise in arranging the financing of commercial and interest in the commercial and interest in the company of the commercial and interest in the commercial and in the commercial dustrial property developments in

Chase, the third largest U.S. banking group, was known to be moving out of property lending in Britain and Europe. Meanwhile, UK developers and property profesbridge the funding gap which ap-pears when a new City of London office building can cost over £60m, and even big institutional funds can commit no more than £20m to one

### BASE LENDING RATES

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Domand deposits 94.%
Domand deposits 94.%
Domand deposits 94.% Members of the Accepting Houses GOULD the rundown of its existing real estate loan portfolio. Reference has been made to problems in West Germany, but Mr Patrick Scott, Electronics who heads the spin-off group, said yesterday that these were 2½ years old.

Gould ... Innovation and Quality in European Electronics "Where can I get the medical electronics technology I need without leaving Europe?" "From Gould" In Europe, as in the rest of the world, Medical electronics is a market of Gould is concentrating its inter-related growing importance - where the needs technologies in six rapidly expanding and priorities of people are even more crucial than the commercial markets: computers, factory automation, test and measurement, imperatives. medical electronics, defence electronics, electronic components and Gould understands them both materials including semiconductors if it's crucial to Europe then it's crucial to producing the most advanced computer-controlled operating theatre monitors in the world and bringing some of the most innovative medical Interested enough to find out more? Write to Gould, Department R3, technology in existence to the Raynham Road, Bishop's Stortford, Hertfordshire CM235PF, England. European market-place, like the disposable transducer pictured right.

ustry

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# **RESOURCES REVIEW**



TO THOSE who argue that the day of the integrated, multi-national oil company is done, the answer, perhaps, is Amoco. Standard Oil of Indiana, as it used to be called, has succeeded used to be called, has succeeded, where many other oil companies have failed in reconciling the short-term pressures of Wall Street with the long-term instincts of the oilman and in maintaining strong financial performance in the tricky years 1980

Its net profits, on a rising curve since 1982, were last year the third largest in the industry, behind only Exxon and Shell. In bemnd only exxon and shell in 1984 its return on total assets (8.5 per cent) set Amoco alogg-side the mighty Exxon (8.7 per cent). Its return on equity has been maintained in the high teens in recent years, while

### Our industry has to look to the long term'

Mobil and Texaco have slid into

Perhaps because it was never one of the Seven Sisters — in 1932 Amoco sold its foreign interests to Standard Oil of New Jersey (now Exxon) — Amoco's emergence into the front rank of oil companies has gone relatively upposited. tively unnoticed.

Today, the company is the No 1 petrol retailer in the U.S. with 7.4 per cent of the market; and has the most aggressively expansionist exploration budget of any company in the world. Last year, Amoco spent \$4.6bn on capital programmes and ex-ploration. This year, when many other companies are cutting back, the figure will rise to \$5.1bn. Over 80 per cent of this total goes on exploration and

production.

Nor, these days, is Amoco only a force in the U.S. During the last 25 years it has reversed the philosophy behind that 1932 decision and is currently exploring in 34 countries. Amoco is now the leading oil producer in Egypt and last year entered seven new countries — all of them in Africa. At the same

tough line with governments which it feels drive too hard a licensing bargain with the oil companies. Amoco declined to join the first round of licensing offshore China and also exclusions offshore China and also exclusions. licensing bargain with the oil companies. Amoco declined to join the first round of licensing offshore China and also exclu-ded itself from the most recent

Mr Richard Morrow, Amoco's chairman, says he expects the foreign emphasis to grow. "In the last five to eight years, about one third of our total E and P spending was in the foreign area. This year it will be about 40 per cent. Over time, I would expect to see that gradually increase." Worldwide, Amoco has doubled its exploration acreage since 1980 and today has holdings of 170m acres. ings of 170m acres.

Mr Morrow brooks no talk from Wall Street about the financial wisdom of investing ever larger sums in searching for commodity with a falling price. "Our industry is one that has to look to the long term. Many actions that we are taking today will not have any impact on our financial performance in the next 10 years."

Amoco, he insists will continue to set itself the goal of finding more oil than it produces. In the last five years in the U.S., Amoco has replaced 111 per cent of its reserves against an industry average of around 80 per cent. "To the extent that you can't replace

reserves you are faced with liquidating your asset base. This is our seed capital. That is why we are exploring so aggressively," he says. But behind the scorn for Wall Street's short-sighted focus, Amoco has also, in the era of corporate raiders, been careful to keep its share price perky.

In the last year, the company has spent about \$1.7bn buying 10 per cent of its own shares Although this programme appears to be almost over, Mr Morrow says share repurchase is "something we will continue to look at." The difference between Amore and Amore tween Amoco and Arco, which is also buying its own shares, is that Amoco did not need to borrow money for the transaction. Amoco's long-term debt recition is challenged in contrast. position is stable and its gear-ing low.

Amoco has also been quietly involved in a restructuring programme. Although its diversi-fications in the 1970s price boom were less extravagant than most, the company did acquire at the wrong time a substantial minerals business that is now

time, the company has taken a being spun off to shareholders

offshore China and also excluded itself from the most recent Norwegian licensing round.

Mr Richard Morrow, Amoco's chairman, says he expects the foreign emphasis to grow. "In the last five to eight years, about one third of our total E and P spending was in the foreign money and there is little doubt that the company would sell that th that the company would sell them if it could find a buyer. Officially, Mr Morrow's position is that "we have no plans at the present time."

Amoco is in no doubt that it wants to be an integrated company, in the sense that it wishes to produce as much crude oil as it refines. Currently its refinery output of almost 1m b/d slightly exceeds its crude oil and natural
gas liquids production of \$49,000
b/d. Mr Morrow says he sims
to bring the two figures into
balance by raising crude production

The company's strategy is unique in the sense that, essen-tially, it is serving one market - the United States - but from an increasingly fragmented sup-ply base. Amoco, says Mr Mor-row, only went downstream out-side the U.S. in the first place because of now defunct U.S. oversupplied downstream? And base, in restrictions on the import of what does Mr Morrow make of hard time



Mr Richard Morrow, Amoco's chairman

foreign crude, "It is no longer necessary that we have an over-seas marketing and refining system to help us dispose of overseas production," he

explains.

But how does Amoco answer the charge that by pursuing an integrated strategy it is merely harnessing its profitable upstream operations to a structurally depressed and structurally depressed and oversupplied downstream? And

By Ian Hargreaves

Why Amoco has succeeded where others failed

### THE FIVE - YEAR RECORD

(billion barrels) ..

3,036 3,005 3,035 5,227 4,453 4,110 2.6

2.7

1,922 19.2

the aggressive deficit refining strategy being pursued by companies like BP, which make a virtue of flexible movement in and out of oil spot markets in supplying their refineries?

all their own production will fare better than those who have to go to the spot market for their oil," says Mr Morrow. "When prices start to move up, as they will in the late 1980s and getting on through the 1990s, the control of oil for a company like ours will

be very important."

Given that the short-term outlook for the cil market is weak, however, the strategy requires that Amoco has a low-cost, efficient operating base, in order to survive the

The evidence is that Amoco has succeeded in this regard. Its average finding costs in recent years have been lower than most. Of 16 major oil companies monitored by "In current conditions, I accountants Arthur Andersen, wouldn't argue too much that mouldn't argue too much that Amoco's worldwide average for purchasing oil on spot markets can be desirable. But for the long term, I still believe that those companies that control Unical. In 1884, however, Amoco's costs area largery. The Shell Oil (\$8.73), Exxon and Unocal. In 1984, however, Amoco's costs rose sharply. The company has bet heavily on the value of U.S. offshore leases, paying over \$1.1bn in auction bonuses in the last two years.

1,826 16.5

2.183 17.5

Downstream, the company has shed 14 per cent of its refinery capacity and over 30 per cent of its petrol outlets since 1930. As a result, the downstream has remained just about profitable, although net income of \$123m in 1984 on

for major oil finds, even if that means paying handsomely for exploration rights. It will also work hard at the unglamorous but essential task of extracting more oil from old fields, by injecting carbon dioxide into wells and other tertiary recovery methods. So far, the company has avoided making major acquisitions, but Mr Morrow says this should not be ruled out, especially as the company rebuilds its cash base following the stock buy-back.

Traumatised by the Opec nationalisations of the 1980s and 1970s and it used this period to build up a very strong exploration and production base in the non-Opec world. Run for 23 years by the dynamic for 24 years and 1970s and it used this period to build up a very strong exploration and production base in the non-Opec world. Run for 23 years by the dynamic for 24 years by the dynamic for 25 years by the dynamic for 25

Financial Times Wednesday June 12 1985

further into the speciality products field. Amoco has done better with its chemicals business than most oil companies, with net income of \$211m last year on sales of \$2.8bn. Some 56 per cent of its chemical sales involve proprietary technology, which explains in part why the company was less caught than some others in cyclical bust of

the last chemicals downturn. the last chemicals downturn.
Of course, Amoco's ambition
—to be a low-cost, efficient
producer and seller of oil, gas
and chemicals, undiverted by
other concerns—is not unique.
It is a strategy which, in one
way or another, all the large
oil companies are now pursuing.

Perhaps the key to Amoco's

assets of \$5.9bn is far from

Perhaps the key to Amoco's

Success has been in its timing.

For the future, Amoco's

Not having Middle East

Strategy is to continue to hunt

The first article in this series

Success has been in its timing.

Amoco's

Not having Middle East

Strategies of Mobil (June 3), Area

Strategy is to continue to hunt

Teserves, the company was not (June 6) and Texaco (June 10).

the stock buy-back.

Downstream, apart from the UK, Amoco's position looks rather stable. However, it plans to expand its chemicals business further into the smalleller. exactly where he and his com-pany are going. Asked whether

### A man who knows exactly where he is going

the industry will change much in the next 10 years, he replies: "I wouldn't expect any dramatic

hange." It is a judgment that a lot of people do not share but no one can quarrel with Amoco's record to date.

# A new booklet published by the Financial Times



# CAPITAL GAINS THE KEY FIGURES **YOUR TAX**

If you own unit trusts, shares, bonds, a second home, gold coins or other assets you bought before April 1982, the reforms in Capital Gains Tax announced in the Budget in March could save you hundreds or even thousands of pounds.

However, to take advantage of the new rules, you need to know the value of your assets on March 31, 1982 - and also, if you've been holding on for long enough, on April 6, 1965, when CGT was introduced.

The Financial Times is publishing a booklet, 'Capital Gains - the Key Figures for Calculating your Tax,' listing all the key prices for March 31, 1982, and April 6, 1965, as they appeared in the Financial Times. It also contains an explanation of the Budgetary reforms and how to make the best use of them to reduce or eliminate you CGT liabilities.

Copies of the booklet, price £4.50 each including postage and packing, are available

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# 

# The life-saving microchip

Peter Marsh looks at Thorn EMI's work on chemical sensors

TINY SENSORS based on micro- a display or recording device. chips and costing a few tens of pence could help sailors in the Royal Navy, doctors tending patients who are critically ill and householders worried about

The devices are to be produced on a commercial scale by Thorn EMI Microsensors, a company which Thorn EMI is in the process of setting up. Dr Ken Gray, Thorn EMI's research director, says he hopes the new subsidiary will be established by the summer.

Under the plan the £2.8bp. turnover electronics company will, with technology developed at its research laboratories in Hayes, near London, add minute amounts of material to silicon chips to turn them into sensors capable of detecting a range of

The sensors on which Thorn EMI has concentrated in research are called chemical field-effect transistors or Chem FETs. The transistor, positioned in a piece of silicon by con-ventional ion-implantation and lithographic techniques, is bonded to another substance whose physical or chemical form is changed by the presence

of a gas or liquid.

The change alters the electronic characteristics of the somiconductor, triggering a collaborating pulse of electrons that activates development.

Although Chem FETs are far from new, problems in reliability have limited applications in commerce and industry. In recent years, instrument and fatcory-automation companies around the world have taken a new interest in development of

new interest in development of microchip based sensors that monitor laboratory equipment or industrial installations for specific substances.

Most such monitoring hardware is based on big and expensive equipment chromaton graphs and spectrometers for instance. Many companies are searching for smaller, cheaper sensors which can be installed in bulk, for instance, throughout chemical plants to keep track of reactions and transmit information by digital signals to

supervisory computers.

Besides Thorn EMI, other companies investigating production of chip-based sensors include Fujitsu, NEC and Kuraray (a fibre producer) of Japan and IBM, ITT, Kodak and Johnson and Johnson of

and Johnson and Johnson of the U.S.

In Britain, the Department of Trade and Industry has formed a research club for chemical sensors in which several dozen companies such as Plessey, Kent Industrial Measurements and ICI are OVEI

Thorn EMI has targetted its of Newcastle University, Thorn

• Fire-detection. In partnership with the Ministry of Defence's Admiralty Research Establishment near Portsmouth, the company's researchers have devised a Chem FET which could help Royal Navy sailors spot the smouldering of elections. trical equipment which is often a prelude to fires.

In an ingenious scheme, scientists have produced a special organic substance that can be painted on to the insides of cabinets containing electrical devices and which evolves sensors as the patient is lying amonia when heated to 130 in his bed.

A sensor in the cabinet detects minute amounts of this gas, sending electrical signals to a computer. So long as all the cabinets in a ship that house electrical equipment are coated with the paint, Navy commanders would have a foolproof way of detecting the start of fires before they get out of control.

The ammonia-detecting Chem FET could have industries uses in standard fire-alarm systems of the kind sold by Thorn EMI's Protech (formaly AFA Minerva) subsidiary. Medical applications. In partnership with scientists in the physical chemistry department

work in sensors in the follow-ing areas:

EMI's researchers have added membranes to field-effect transistors so that the semiconductor reacts to the presence of ions in solution. The sensors could be made part of medical equipment that monitors the blood of patients in intensivecare units for ions such as hydrogen, potassium or sodium.

Fluctuations in the concentration of these ions can indicate to doctors how the patients are responding to treatment. In the hardware, small volumes of blood from the veins would be

Physicians would thus have an instantaneous check on the patient's condition. Conventionally, they have to remove a blood sample to a special laboratory for analysis. The sensors' membranes interact with the ions in solu-

tion, generating a flow of elecwhich is detected by The membranes are chosen so that they will interact in this way only with specific ions of

a particular size, a factor that depends on the pore distribution and surface properties of the membranes, which can be made from glass or polymer.
As a result of this selectivity, the sensors record the presence



Microchip sensors can give early warning of fires on board ship

In an adaptation of the technique, workers are examining how to add to silicon chips enzymes which react selectively with particular substances in the blood stream or urine, urea

Such sensors could form the basis of equipment that gives doctors an instant indication of circuitry. One end of each health problems, Diabetics, for beam, which would be 100-400 instance, could be helped by micrometres long and some 0.4

of certain ions while remaining equipment which displays in a micrometres in thickness, is few seconds the amount of fixed while the other is free to glucose in their blood, so move in a stream of gas, in the enabling them to adjust their daily dose of insulin.

> Gas monitoring. Another bred of sensor under the deve-lopment at Thorn EMI comprises a series of tiny beams of silicon dioxode attached to microchip-based electronic circuitry. One end of each beam, which would be 100-400

The free end of each beam is coated with a tiny layer of gold, which acts as one plate of a capacitor. The second plate is a similar gold sliver on a

fixed point on the sensor. As capacitance is related to the distance between the two plates, the degree by which the

The company wants to sel the devices to enterprises that make gas meters for domestic and industrial use. Conventional meters feature a diaphragm which is moved by a set volume of gas. Each time this fixed volume sweeps past the diaphragm, the latter acti-vates a mechanical counter

dispense, fluid power, special-purpose valves

Mi ple.

refined and wrought metals.

beam is deflected can be calcu-

lated electronically from the

change in the quantity of elec-

trical energy stored by the gold

slivers. From this can be de-

duced the speed with which the

cas stream moves, and hence

Thorn EMI says it can put

about 1,000 sensors of this type on a wafer of silicon about 5

cm in diameter. Each sensor

would cost no more than about

through the pipes.

tity of gas consumed. The Thorn EMI sensors will respond to flow speeds as little as 0.7 cm a second. They should also be able to record the kinds of gas velocoties encountered in industrial plant. These can be as much as 100 times higher than the standard flow rate for gas piped to houses of 600 cm a second.

We do not envy anyone faced with the V problem of choosing a computer system. Some systems are going to survive. Some will be obsolete before you plug them in. And you have to be a fortune-teller to know the difference.

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### OLIVETTI AND AT&T JOIN FORCES: A MARRIAGE MADE TO LAST

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computers are the only ones in the world specifically designed to get the best out of UNIX System V. That's not surprising when you realise UNIX System V and the 3B range were both developed by the same people. They provide the power and the flexibility to support any number of users, running any application from accounting and word processing right through

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THE POWER TO MANAGE THE FUTURE

# Profile of companies that use computers

BY ALAN CANE

COMPANIES which use computers tend to have a higher proportion of secretarial and clerical workers, a high growth raate, more formality in com-munications and less centralised decision-making. Most of them are satisfied with their systems and believe they came up to expectations.

companies in the services sector higher proportion of clerical by a management studies group workers than those not using in Cambridge University's engineering department.

the companies had expanded in the past three years. The financial services sector was growing faster than the wholesale, retail-or-transport sectors.
Some 69 per cent of the organisations sampled were using computers. At the top of the list, 92 per cent of financial services companies had com- an organisation

The study found that compu-ter users had fewer managerial staff but more clerical staff than non-users. The authors not necessarily imply that those organisations which are computer users have increased their clerical workforce as a result. It is possible these These are the principal con-clusions of a survey of 638 UK organisations have always had a computers."
Accross the board, companie

Among other findings, the use their computers principally study showed that two-thirds of for accounting, sales analysis and billing. At the bottom of the list came personnel records. Word processing was the most common application for companies in the financial services sector.

The survey produced the numerically interesting result that the computer capacity of puters while the corresponding approximately, with the square figure for retail companies, the root of the number of least computerised, was 54 per ployees.

ACCOUNTS	847
SALES ANALYSIS	76%
BILLING	68%
PAYROLL,	61%
STOCK CONTROL	61%
WORD PROCESSING	53%
CLIENT RECORDS	52%
CASH CONTROL	48%
FIN. PLANNING	44%
PRICING	SE COMPUTER
PERSONNIEL RECORDS 23%	IISF

The chart shows the percentage of companies in the survey

# Graphic promise from a new software system

time in the UK. It is the latest addition to ISSCO's family of software for visual information display. Claimed to be the first system for business graphics retrieval available to the corporate IBM user, it makes possible the creation of slides, another transportation. overhead transparencies and paper charts at the press of a button.

for the non-computer user to have access to business information held in the memory of an

The idea is to make it simple

GRAPHS AND TABLES, in tions. It finds and displays any GRAPHS AND TABLES, in colour, and taken from any section of a company's files held on an IBM mainframe computer is the promise of a ransparencies and paper charts new software systems from Integrated Software Systems (ISSCO) of San Diego, And it provides full screen "panels." full prompting which leads the user through in a step by step process, for chart time in the UK. It is the latest creation, access and modification to ISSCO's family of tions. It finds and displays any graphics image and supporting data. It supports the production of 35mm slides, overhead transparencies and paper charts on more than 60 different kinds of graphics hard copy device. And it provides full screen "panels." full prompting which leads the user through in a step by step process, for chart time in the UK. It is the latest creation, access and modifica-

According to ISSCO, their users can maintain hundreds or thousands of charts online and ready for viewing. Even if a dozen users request charts on their graphics display terminals simultaneously, there is no central processor over-head because they are pregenerated and simply need to be transferred from disk to dis-

The stored charts are updated BM computer. automatically by the system
The system has three funcmonthly, weekly or even hourly.

# Waterproofs that breathe

GARMENTS which are both rainproof and breathe have long been a focus for research and development

Now a novel polymer coating developed at Shirley, the Manchester-based fibre research body, is to be sold commercially,

Ventile fabrics were developed by Shirley in the 1840s but they were shower-proof rather than waterproof.

Resistance to rain was always best acomplished with cotton since it swells when wet, whereas man-made fibres do not. It is possible to wording a not. It is possible to produce a synthetic fabric that will resist water, but usually it does not breathe well.

Shirley's innovation was to Shirley's innovation was to develop a polymer coating which can efficiently transmit perspiration but which does not contain micropores. A polymer formulation of this type has been further developed by Baxenden Chemical Company of Droftwich and is now being non-Droftwich and is now being pro-duced and sold by the company under licence from the institute.

Baxenden claims that its polymer has excellent breathing properties and, as a bonus, is easily coated on to appropriate fabric substrates. The new coating material.

Witoflex 971 is already being used by several manufacturers

# Residential Property

# Montpelier International-Property Exhibition-today and tomorrow

Port Village Almerimar, South of Spain

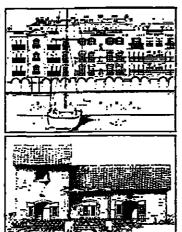
Montpelier International is recapturing the atmosphere of a prosperous 18th Century sea port and will create one of the most luxurious boating havens in the Mediterranean, with waterside houses and apartments. Waterfront properties with roof terraces or large balconies from £15,000 to £89,000. (Included are full management, rental and restaurant services.) ● A completed 1000 berth marina and championship 18 hole

golf course on your doorstep.

Riding, tennis and miles of beaches – with skiing 2½ hours

### Super Valmer, South of France

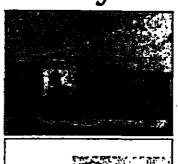
20 charming Provencal houses enjoying one of the most sturning panoramas in the South of France across the Bay of Cavalaire to the lies d'Hyeres. It is set in the tranquility of a wooded green-zone yet only 2 kms from the local town of La Croix Valmer and 20 minutes from the legend of St. Tropez. There is a large swimming pool on the development as well as golf, tennis, riding and beaches close by. 2 bedroom villas with large terrace £75,000. (Included are full management and



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### **Overseas**

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1 August, 1995.

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# THE ARTS

Television/Christopher Dunkley

# So who says the best sitcoms are British?

I intended to watch all 71 hours of Bodyline, I really did. I like television's new habit of screening long, intense serial dramas over a single week— "simpping" them, as it is called. But as the opening credits and the music for Episode I began to roll, and the feeling of a pastiche of "Chariots of Fire" instantly took hold, doubts began to form.

When we went into 2 sepia tint history of the British Empire, it seemed clear that an old incident on the cricket field was going to be loaded down with undue significance. The first flutings of what Austrafirst flutings of what Australians apparently imagine to be early 20th century English accents made my heart sink. And when they began to sing "Happy Birthday To You" at Douglas Jardine's party in 1909, using the familiar tune which was not introduced until 1935. I decided that my time would be better occupied elsewhere.

So I turned to a programme

pritter de

So I turned to a programme category of which there are at present two examples on Sun-day, two on Monday, one on tuesday, one on Wednesday, three on Thursday, and six on Friday, though none on Saturday: situation comedies or "sitcoms." Out of that total of 15, six appear on BBC1, four on TTV four on Changel, four on TTV ITV, four on Channel 4, and one on BBC2. Eleven are British and four American. Three are brand new this season, four are fresh batches of old series, and

cight are repeats.

Watching all of them in the course of a week makes you painfully aware that British sitcom has still not found a way out of the trough into which it as a divorce whose teenage son slid some years 20. It also descends upon him in an some sclear that sicom is now attempt to arrange a reconciliconsidered an exclusively lowbrow form of entertainment.
Furthermore, the tendency of finished); and The Bright Side,
the British to assume automatically that our television is written by the prolific Willis
superior to American turns out thall and starring Paula Wilcox to be just as dubious in sitcom (one of the girls in the 1973 as in news, sport; breakfast television and action series. Most now repeating on Channel 4)



Paula Wilcox and Paul Copley in "The Bright Side," written by Willis Hall

ominous of all, there is only the as the wife of an ineffectual smallest indication of original chap who has been sent to goal. thinking in the present crop. Formula writing is everywhere. The three new series this season are Mog, which has been adapted for television by Dick Clement and Ian La Frenais (who wrote Porridge) from a book by Peter Tinniswood (who has not yet fulfilled the promise of his 1975 series. I Dida't Know You Cared, about a dour and eccentric Yorkshire family); Home To Roost, by Eric Chappell, with John Thaw

Perhaps there has never pre-viously been a series featuring viously been a series featuring precisely the situations in each of these sitcoms, yet they all feel more or less derivative. Mog is the least familiar, with Enn Reitel playing a small-time crook who hides from the law in a phoney mental hospital where his mother—a latter-day cockney Mrs Malaprop, played by Toni Palmer — works as housekeeper. The other inmates are a Peter Sellers-type trade are a Peter Sellers-type trade union official; a man who be-lieves he is in a PoW camp; a black man with delusions of grandeur; the son of the clinic's owner who is pursued by Miranda, a sex-hungry schoolgirl; and Miranda's seductive Danish mother, Mrs Mortensen, the resident psychiatrist who

sees sexual symbolism in every Rorschach ink blot. It sounds full of potential of sitcom you choose, the best

and there have, indeed, been several good jokes in each episode. Miranda's unromantic sexual persistence ("Oliver! Don't you want to have know-ledge of me . . ?") is original. and this week's scene with a rookie policeman posing for a group photograph with five lunatics in pyjamas in the middle of the night outside a suburban house was certainly a

Indicrous enoungh situation. Unfortunately, however, where Porridge, with a similar array of characters within an institu-tion, featured highly tailored through-composed scripts which were given ever more point by excellent ensemble acting, Mog merely dishes out gags suitable for each eccentric character in turn, and hitches one funny skit the next like trucks in a

siding.

Home to Roost also provided a reasonable quota of laughs per episode, but both aspects of the situation in this series—the overgrown cuckoo chick refusing to leave the nest, and the parents being divorced—have been worked to death in a host of other recent sitcoms. Another six-part series which finished its run on BBC1 a fortnight ago, Three Up, Two Down, proved tremendously successful in the ratigns, achieving No 4 in the BBC1 Top 10 in its first week, moving up to in its first week, moving up to No 2 for two weeks, dropping to No 9 and finishing with two

weeks at No 1. Clearly this had much to do with the series occupying the old Panorama slot against World In Action on ITV, but equally clearly (from much previous evidence, most recently with To The Manor Born) British viewers do love series which play upon class distinc-tions, as this one did with salt-of-the-earth Sam played by Michael Elphick and Sloane Rangerish Daphne played by Angela Thorne.

Yet any dispassionate and honest onlooker would have to admit that whichever category

British channels at present are American. For the old-fashioned virtue of a strong story built round a dominant central character there is still nothing to touch Bilko, re-running on BBC 2 and celebrating its 30th anniversary this year.

There is now no British series offering the sort of sharp-edged social comment pioneered in this country in such sixties series as Steptoe and Son and Till Death Us Do Part. For that sort of approach you have to look to the American series Taxi which—under a thin if extensive layer of jokes—deals with all sorts of pithy and difficult subjects ranging from the strains suffered by immigrants because of the "melting pot" concept of American cultural identity, to the complexities of modern sexual

And if jokes (in the sense of funny lines rather than situa-tions) is what you want, there is at present nothing British to touch Cheers, the American series set in a Boston singles bar. The script is like a continuous series of cartoons from the New Yorker, most of which seem to feature two men sitting in a bar.

British sitcom writers who try their luck in the U.S. often throw up their hands in horror at the hard-nosed attitude of American television executives who pay scant attention to the delicate sensibilities of creative genius and simply demand a laugh every 35 seconds, sending back scripts until they get just that It might not produce the world's most sophisticated work. but it does make for a funny half-hour which is, presumably, what most viewers are seeking in a sitcom.

That said, there should surely he room also for a little more sophisticated humour here and there. Television is, of course, the great mass medium of our age; and our age is, of course, mesmerised by egalitarianism. But that should not mean that every programme must appeal to every viewer. With all the famous claims for quality made by British television it does not seem unreasonable to suggest that one series in, say, 20 or 30

should aim a little higher. With the examples of John Cleese and David Wood before them (not to mention the examples of Congreve, Sheridan and Coward) it is time a few of our comedy writers settled down to express their true instincts and passions and thereby to please a more demanding public. At present, every new sitcom appears to be concerned solely with filling slots and amassing ratings by combining all the most success-David Bintley builds into dazziing patterns. The second movement, for Lesley Collier and
four cavaliers, is Mr Bintley's

Rose Adagio, and beautiful. The
finale returns to the energies of
the opening, and is suddenly

The second moveful bits of the previous half
dozen series. It may sell lager
or help the BBC's ratings push,
but it does nothing for British
television's much publicised
the opening, and is suddenly

The second moveful bits of the previous half
dozen series. It may sell lager
its pre-1914 setting. In
Makarova, he has found a bailerina having the sensual
glamour, the emotional presence, to explain Raat's passion,
students, excellently danced by for British lerina having the sensual seille Ballet). Surrounding publicised glamour, the emotional pretion are a band of Raat's sence, to explain Raat's passion.



Natalya Makarova and Roland Petit

### The Blue Angel/Deutsche Oper, Berlin Clement Crisp

A recurrent theme in Roland and also to stand up to the chal-Petit's ballets is the mismatching of lover and beloved. The resultant dramatic tensions are both physical and spiritual—it is no accident that a recent ballet was The Marriage of Hearen and Hell—and Petit has explored them in Quasimodo's love for Esmeralda, in the lycanthrope's passion for the village girl in Le Loup, in Cyrano's dreams of Roxanne. On more subtle terms are the lillfated relationships in the ill-fated relationships in the Proustion Les Intermittences du

Coeur, and even Coppelius' in-fatuation for Swanilda in Petit's Now, in what is his darkest exploration of the human heart, comes The Blue Angel. Neither protagonist — the irresistible cabaret dancer, Rosa, or the martinet Professor Raat who falls victim to her-is obviously sympathetic, yet it is to the great credit of Petit as choreo-

grapher and as interpreter of the Professor, and of Natalya Makarova as Rosa, that at the end of the ballet's première in Berlin on Sunday we should understand their tragedy and feel sympathy for them both.

instantly evocative of von Sternberg's film, and of Dietrich, all blond curls and topper. Its narrative and style have long fascinated Petit; but in making his new ballet for the Deutsche Oper Ballet at the request of its director, Gert Reinholm, he has largely bypassed the film and turned to the novel which inspired it, on the action,
Heinrich Mann's Professor
Uarai ("Professor Garbage"— chief characters: Raat, Rosa
the derisive adaptation of Raat's and Lohmann one of Raat's cabaret artists with int

lenge of comparison with Dietrich's iconic Lola (the name given in the film to the novel's heroine, Rosa).

The Blue Angel is about obsessive love, and the wrecking of lives—both Raat's and Rosa's—which result from it. It is also a vehicle for two great dramatic performers, and its momentum comes from Rosa's acceptance of marriage with Raat as a means of social betterment. Their incompata-bility, Rosa's inability to have any feeling for him save scorn. is the machinery of their common destruction. Petit's acute theatrical sense

can be seen in his staging of the ballet in a city where Hein-rich Mann's tale has immediate cultural resonance, and in his use of a dance language which refers to German expressionistic techniques. His is not a literal narrative: its elisions and extravagances are highly stylised. We sense this from the first, when curtain-rise reveals the setting: Josef Svoboda has provided a pendant cyclorama, cut out to become the skyline of The Blue Angel is a title provincial city, the inky dark-instantly evocative of von Sternberg's film. and of gesting house doors and windows, with scenery dropped in to pinpoint exact locales the Blue Angel cabaret; Rosa's dressing room; the Raat household. We find it, too, in hold. We find it, too, in Marius Constant's ech-ctic score, which ranges from electronics to pastiche songs that comment

and Lohmann, one of Raat's

chal- the men of the Deutsche Oper with Ballet, and a caharet troupe who represent Rosa's world.

The first act shows Raat as a stern, buttoned-up disci-plinarian, suspicious of three of his students who frequent the Blue Angel cabaret, follow-ing them there and sceing Rosa. He falls wholly under her spell. and she plays with him like a cat with an all-too-willing mouse, while yet maintaining a passionale relationship with Lohmann. Raat's submission to her femininity brings about their wedding, wherein Petit portrays the obsessed Raat's hope for continued respecta-bility and the conflict with the vulgarity which lurks just below

the surface of Rosa's world. The second act (a brief 35 minutes, compared with the excessive 75 minutes of the first) shows us the marriage gone fatally wrong. Rosa is trapped and desperate. Raat seeks to amuse her, even sub-mitting to playing the clown while the viciously bored Rosa goads him into further and greater indignities. She dreams of past lovers; she succumbs again to Lohmann, and is then rejected by him. Her revenge upon Raat, whom she knows has precipitated this rejection, is to make him perform like a dog. begging, playing tricks. His degradation is absolute; her despair no less so. As he finally collapses at her feet she leaves him, and we see her at the last journeying to a new and hope-less future.

Thus the action. Petit's choreography intersperses big ensembles for the students and scenes in which Rosa's devastating sexuality wreaks its havoc, and it is in these that the ballet's power resides. For Makarova, in what is the first full-length ballet made for her. there is the occasion to display both her dazzling and slightly mocking skill to create the irresistible Rosa of the cabaret, and her greater art in portraying a woman who cannot resist dominating her admirers, and directly delivered. Op. 57, in who, whatever small regrets

With complete callousness she surface excitement here but a uses him to amuse her, as bitter sequence of superbly delineated a vengeance upon his weakness in emotional curves, each one pre- marrying her, and she knows a cisely tailored to articulate the music to the maximum advantable to the music to the maximum advantable to the music to the music to the maximum advantable to the music to t Yet more Beethoven would hither sexuality of the cabaret to the destructive anger with

For Roland Petit there is the chance to show, as he has ever done since his Don Jose in Carmen, that he is a superb dance actor, outstanding in tragic roles. He moves from rigid authoritarian to hapless whetim and feather under the change of the superior of the change victim, and finally undignified fool, with a marvellous invitability: the character tightly focused, heart-rending. The confrontation between these two magnificent theatrical per-sonalities gives the ballet its this elusive work than any heart—a broken heart, of number of technically perfect course, but one whose breaking makes for compelling viewing.

# Saleroom/Antony Thorncroft Museums on a spree

for an Italian brass sector of precarious and, to meet his plunged into dance's deep end.

1691, signed Dominicus debts, he undertook five sittings That they surfaced is tribute to 1691, signed Dominicus debts, he undertook five sittings | That they surfaced is tribute to Lusuerg Wainwright acquired a James Smith brass binocular/ on his work. However, this por would be idle to pretend that monocular microscope, mid 19th centrury, for £5,280, while Weston paid £4,620 for a German Hahn type mechanical equinoctial ring dial of about

A feature of the auction was the buying by museums. The Science Museum acquired six items, with a top expenditure of £1,100 for a combination saw and forceps made around 1815 by Thomas Machell. It also bought a bronze opium weight, a brass syringe set of the late 18th cen-

A French Virotop portable typewriter of around 1914 went

tury, and a German bone saw.

There were two disap- went for £3,400.

Sotheby's expectations.

London dealers also were unrecorded and has also been dated to around 1801. It was

ing enough. ng enough.
A still life of game by William
Duffield sold for £24,000 (as made £11.000. Christie's had only mixed

success with its picture sale on Monday night, with a total of £84,286 but 25 per cent unsold. The most interesting lots were two paintings of fruit and flowers by Mark Gertler, which made less than anticipated at £6,000 and £2,500. Not surprisingly, the top price of £8,500

# La Bayadère/Covent Garden

### Clement Crisp

on his work. However, this por-would be idle to pretend that trait of a young beauty is appeal- this joint first appearance held more than promise of better things to come with experience. trait of a gentleman from the impulse is also welcome. With "Circle of Nathaniel Dance"; and a John Glover landard is study, coaching more with the scene as theirs by right, as did Lesley Collier and Stephen Jefferies in strongly shaped readings last week.

I found the lethargic tempi adopted by the guest conductor, Isaiah Jackson, far from convincing. His soporific account of the Shades' entry breaks the of the working leg.

A brass astrolable, made in Flanders around 1560 and bearing the name Jacobus Valerius—who might have been either the maker or the owner—sold at Sotheby's yesterday for 137,400 in an auction of scientific instruments. The buyer was a Continental collecter and the price just exceeded Sotheby's expectations.

Among the Shades soloists, triple bill is well planned, with the Shades soloists, mention must be made of Fiona the Stellar matter of Antoinette Sibley and Mikhail Baryshnikov in A Month in the Country. The Shades soloists, mention must be made of Fiona the Stellar matter of Antoinette Sibley and Mikhail Baryshnikov in A Month in the Country. The Shades soloists, mention must be made of Fiona the Stellar matter of Antoinette Sibley and Mikhail Baryshnikov in A Month in the Country. The Shades soloists, triple bill is well planned, with the Stellar matter of Antoinette Sibley and Mikhail Baryshnikov in A Month in the Country. The Shades soloists, mention must be made of Fiona the Stellar matter of Antoinette Sibley and Mikhail Baryshnikov in A Month in the Country. The Shades soloists, triple bill is well planned, with the bild is well planned, with the bild size and David Bint-ley's Consort Lessons preceding the stellar matter of Antoinette Sibley and Mikhail Baryshnikov in A Month in the Country. The Shades soloists, triple bill is well planned, with the third variation the stellar matter of Antoinette Sibley and Mikhail Baryshnikov in A Month in the Country. The Shades soloists, triple bill is well planned, with the third variation the stellar matter of Antoinette Sibley and Mikhail Baryshnikov in A Month in the Country. The Shades soloists, triple bill is well planned, with the third variation the third variation that the Stellar matter of Antoinette Sibley and Mikhail Baryshnikov in the bidding of its shape and style.

The Lawrence was p no débuts.

Alas, Covent Garden's is a movement, as steps and ideas busy. T Philip paid £5,280 for a brass Holland circle of the late 17th century and £4,400 artist's financial position became and Jonathan Cope were movement, as steps and ideas movement, as steps and ideas for from ideal world, and on pass from one dance to another, and fa,400 artist's financial position became and Jonathan Cope were David Bintley builds into dazzltouched with mystery as the Duffield sold for £24,000 (as against 210 guineas at Christie's generosity of style are advanting 1960) to a Californian dealer; leave the tages in her interpretation; Mr. Stravinsky's concerto for piano and wind. Consort Lessons is. I suspect. Mr Bintley's most assured creation, and it is a

to the Milwaukce Museum for field and the Museum of the Pharmaceutical Society acquired a 19th century pewter leech jar for £264.

Phillips held one of its better Phillips held one of its better British picture sales, with a total of 1886 by Sir David Murray, of the Shades' entry breaks the full stretch of the choreoprisingly, the top price of £8,500 graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere with entire simplicity and graphic image as each bayadere steps into arabeque. What a typical peasant realism picture pansion of each body's line is poised on the tremulous base of the working leg. of Natalya Petrovna's feelings B minor sonata.

tingle with amazement and dewith entire simplicity and I trould so easily have been light. with entire simplicity and grace, and that Mr Baryshnikov grace, and that Mr Baryshnikov an evening only of memories, places his characterisation, with a great planist evoking for-Russian fashion, wholly inside mer glories. This was something the score. His is an interpretamuch richer and more endur-

### Claudio Arrau/Festival Hall

### **Andrew Clements**

assured creation, and it is a work to treasure.

About Monday night's A don for several years. On Monday has not given a concert in London for several years. On Monday has not given a concert in London for several years. On Monday has not given a concert in London for several years. On Monday has not given a concert in London for several years. On Monday has not given a concert in London for several years. On Monday has not given a concert in London for several years. On Monday has not given a concert in London for several years. On Monday has not given a concert in London for several years. On Monday his more was right than wring, and the moments of supreme technical asurance were quite exhibitating: one recalls a downdrating their performance seemed even has not given a concert in London for several years. On Monday his more was right than wring, and the moments of supreme technical asurance were quite exhibitating: one recalls a downdrating one recalls a downdrat The reference books tell us

they were 20 years ago; pas-

From a planist conventionally associated with weighty, deeply considered performances, Op. much richer and more endur-ing. It would be idle to pretend scale, without undue emphasis that the fingers are as sure as or grandiloquence, but lithely,

contrast, favoured careful ex- she may feel, must break from position, with the left hand ad- the prison of marriage with ding eloquence and warm Raat. textures to every paragraph; no cisely tailored to articulate the have made the recital even

associated with him. The technical blemishes did take the edge off some of the work's more daring exploits, and instead one was left to savour the myriad inflections lavished upon the reappearances of the work's principal theme, the open-hearted hymning of the Andante, the witty, light-fingered opening to the fugue. It is no longer a perfectly rounded experience, but still one which reveals more about this elusive work than any

finer, but Arrau chose instead her husband-victim in the

# When his ship was torpedoed... so was his future peace of mind

Leading Seaman R....t H.....n served right through the war. He was torpedged in the Atlantic and suffered from exposure. He served in Landing craft, and his home received a direct hit from a bomb while he was there on leave. In 1945 his mind could take no more, and he spent the next 25 years

in 1945 his mand could late the now lives with us. in and out of mental hospitals. He now lives with us. Sallors, Soldiers and Almen still risk mental Sallors, Soldiers and Almen still risk mental state. breakdown in serving their country. However brave they may be, the strains are sometimes unbearable.
We care for these gallant men and women, at home and in hospital. We run our own Convalescent Home, a Hostel for the younger homeless who can still work, and a Veterans' Home for the ageing warriors who are no longer ble to look after themselves. We also assist people like R.....t H......n at Pensions Tribunals, ensuring that they receive all

that is their due.

These men and women have sacrificed their minds in service: To help them, we must have funds. Please send a donation and, perhaps, remember us with a legacy. The debt is owed by all of us. "They've given more than they

could-please give as much

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# Arts Guide

· Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

# **Theatre**

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of back-stage sheamigans on tour with a

(636 8555).

Starlight Express (Apollo Victoria):
Andrew Lloyd Webber's rollersketing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nots to influences. Pastiche score nods to-wards rock, country and hot gospel. No child is known to have asked for

his money back. (834 5184).

On Your Toes (Palace): Rodgers and Hart's 1935 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to E be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue.

(437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Mer-York's Jerry Orbach, but David Merrick's tay-dancing extravaganus has been rapturously received. American Clare Leach is a real find as Dassey Sawyer, and Margaret Shaftesbury Avenue for the RSC's fine Harley Granville play about a relitionan ruined by sex scandal.

Judi Dench Peggy Sawyer, and Margaret Courtency has a field day (836 8108). Me and My Girl (Adelphi): Sleek, effi-cient and enjoyable revival of Britain's higgest war-time musical hit with Robert Lindsay in the Lapino

Lone role emerging as the best new musical star since Michael Crawford. (8367611). armon (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (8341317, credit cards 8284735).

cards 828-8735).
umpers (Aldwych): Confident almost
sober revival of Tom Stoppard's gintering comedy of love, murder and
linguistic mayhem among the logical positivists, with Paul Eddington

reminiscent idyll has Liv Ullman and, in the best performance, Mi-chael Gambon competing in the present and the past for a glacial Ni-cola Pagett. David Jones's smooth production is less monumental in tone than was Peter Hall's the text is very fine and very funny. (930 9832).

chard III (Barbican): Last year's Strationd-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in reperiory with Roger Rees as Hamlet and Kameth Branagh as Henry V. All worth seeing. (5285795, credit cards \$282801)

politician ruined by sex scandal, Daniel Massey and Judi Dench head John Barton's production.

(4373686). Sreaking the Silence (Mermaid): Another BSC transfer, of Stephen Poli-akoff's account of his family's endgration from post-Revolutionary Russia, Alan Howard succeeding

Daniel Massey alongside Jenny Agutter. Ingeniously set in an Impe-rial railway carriage. (2365568). The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss re-stored for theatrical performance afstored for the stricts performance st-ter 40 years. Bill Bryden's NT pro-duction in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run, 220 2055 (3793055).

nsterdam, Stalhouderij (Eerste Bloemdwarsstraat 4). A solo double bill from Barbara McEly in French Gray by Josef Bush (Marie Antol-nette's meditations on the night before she goes to the guillotine), and Chekhov's No Smoking (Wed and Thur). (262282).

### **NEW YORK**

Cats (Winter Garden): Still a sellout, Trevor Numn's production of T. S. Eliot's children's poetry set to trendy music is visually starting and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 8262). 42nd Street (Majestic): An immodest

dand Street (Majestic): An immodest celebration of the heyday of Broadway in the 30s incorporates gems from the original film like Simifle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line, (977 9020).

Dreamgins (Imperial): Michael Benneit's latest musical has now become a staiwart Brundway presence despite the forced effort to recreate the career of a 1960s female pop group, A in Supremes, without the quality of their music. (239 6200).

and James Lapine's book which changes gears in the second act. (2296262). La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to cap-

and gandy chorus numbers.
(757 2626).
Torch Song Trilogy (Helan Hayes):
Harvey Fierstein's touching and
funny recollections as a drag queen
add up to the best histrionic Sarah
Resolutional to Panedayay triday. rdt role on Broadway today. (944 9450).

### WASHINGTON

nt of Monte Cristo (Eisenho The second production of Peter Selars' new American National Theatre company is the James O'Nell of this swashbuckler. (254 3670).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's

June 7–13

mix of memories and jokes focuses on a Depression-era Jewish house-hold where young Eugene falls awk-wardly in love with his cousin. (2211211). (221211).

Chorus Line (Shubert): The longestrunning musical ever in America
has not only supported Joseph
Papp's Public Theater for eight Sweeney Agonistes/Tate Gallery years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions.

(239 6200).

unday in the Park with George said that Francis Bacon's trip-

tych inspired by T. S. Eliot's Sirecneu Agonistes was an ex-(Booth): Inspired by the Seurat painting, Stephen Sondheim fash-lous a musical with dots and dashes ample of the immediate impact of the poet's hectic, jazzy frag-ment upon an artist of genius, of song that end too soon but work well with Tony Straiges's pretty set it is impossible to detect any relationship between the two works as displayed in uneasy juxtaposition by Rostrum Theatre at the Tate.

Succeney was an unfinished piece in 1925, abandoned possibly because there was nothing else in theatre at the time to compare it with. This interestture the feel of the sweet and hilar-ious original between high-kicking and gandy chorus numbers. ing thesis is Peter Ackroyd's in his Eliot biography. Sally Giray's Rostrum cast hardly give the work a chance, as it is badly delivered, the character of Sweeney left to flounder in

articulation.

the wash of inexpert poetic

Although Stephen Spender best and not even the tense aid that Francis Bacon's tripelaculation of Ehot's "Birth, yeh inspired by T. S. Eliot's and copulation, and death" can make it so.

Michael Coveney

On the left, two figures lie post-coitally in a glass booth on a slanting table, with—what? -a toast rack and a descerated cigarette packet upstage and downstage of them; on the right, a man behind a transparent mirror telephones some-body as the two bodies merge in the manner of Muybridge's wrestlers; in the centre, blood and meat on the night train, an open window, a hurriedly packed grip.

Nothing to do with Eliot's exactly phrased intimations of mortality and the jejune collation of snippets, here plastered round Succeey, from early poems and The Waste Land. Of the four actors Keith Bart-The Sweeney connection is lett, although failing as Sweeney obviously art dealer's twaddle does project a hollow-cyed does project a hollow-cyed despair, and Michelle Newell is obviously art dealer's twaddle for which Sally Giray and Co despair, and Michelle Newell is at least vital and intelligent. Spender, egged on by the rasher Bacon no doubt. The triptych is certainly not one of Bacon's sticking to the wall art.

# FINANCIALTIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Wednesday June 12 1985

# Britain's plan for Europe

IF THERE is one issue on which all EEC members agree it is that urgent steps are required to give a boost to the further development of the Community and in particular, to improve its decision-making machinery. The practice of taking all important decisions in the Council of Ministers unanimously has already proved to be a serious brake on the development of the 10-member Community, as it did on that of development of the 10-member Community, as it did on that of the original six. If it continues unanimous decisions. It would to be applied once Spain and also become more difficult to Portugal become members on invoke the so-caled Luxem-January 1 next year, there is a bourg compromise, under risk that the Community's which governments have been institutions might seize up able to plead a "vital national altogether. For these reasons, the

European Community summit in Milan at the end of this month, will be of unusual importance. Apart from discussing ways of improving the decision-making machinery of the Community, the heads of government will also have before them proposals for completing. them proposals for completing the Community's internal mar-ket and extending foreign policy co-operation.

Britain, which has not exactly

been in the forefront of those seeking a grand design for Europe, has now come up with a series of proposals, about which the least that can be said is that they are realistic and practicable. They will not, it is true, appeal to the most federal-minded members of the Community, such as the Nether-land. lands. Belgium and Luxembourg. But they could well form the basis of the inevitable com-promise which will have to be

reached at the end of the day. While the Benelux countries and Italy have enthusiastically endorsed the proposal by the Dooge Committee on institugovernmental conference to revise the Treaty of Rome,

practice has been to take unanimous decisions. It would interest" as a reason for veto-ing any decision. Sir Geoffrey

Taken together with the pro-posal for the setting up of a special secretariat for the pro-motion of foreign policy co-operation and for a binding commitment by governments to consult each other before taking foreign policy initiatives, these suggestions represent a real step forward in Britain's attitude towards the Community.

### Support

At the same time, there are some obvious inconsistencies stance. The Government can-not, almost in the same breath, call for an accelerated time-table for the removal of the remaining barriers to a genuine common market, particularly in the field of financial services and transport, and yet maintain tional reform to hold an inter- its reservations on tax harmo-

Sir Geoffrey's proposals on the extension of the European Britain has come out firmly the extension of the European against such a conference.

It is right to do so. Whatever the emotional appeal of consultation with the Parliaanother Messina-type confer ment on important issues, are ence for traditional "Euro- also decidedly thin and are peans," the disadvantages of hardly in line with Britain's embarking on such an exercise original enthusiastic support of are evident. It could open up a a directly elected Parliament whole Pandora's box of issues Democratic logic demands which would take many months, if not years, to resolve. In the meantime, the urgent reforms that, at some stage, an institution elected by universal suffered should be given more than just consultative powers. The proposals put forward is gradually increasing its in-last week-end in Stress by Sir fluence on the citizens of Geoffrey Howe, the Foreign member states. The Milan Secretary, are intended to avoid summit may be too early to such a pitfall. Instead of makers expect great progress in this ing majority voting the uni-direction but the problem can-versal rule for all decisions, as not be shirked indefinitely.

# Less regulation, less control

IT HAS for some time been it possible to avoid or unbundle known that financial deregulation in the U.S. has made it progressively more difficult to set monetary targets, with the reased the exposure of the system as a whole to the risk of between unintentional overtightness, helping to precipitate the 1981 recession and the international debt crisis, and the subsequent pragmatic relaxation in the margin differentials which international debt crisis, and the subsequent pragmatic relaxa-tion. In Britain the authorities appear at last to have acknowledged that the prevalence of floating interest rate credit makes it very difficult to con-trol the broader measures of the money supply, and almost impossible to use interest rates to check the growth of private sector credit. Things seemed more orderly in countries which do not speak English.

In recent years, however, the accelerating relaxation of con-trols in most of the main finantrols in most of the main financial markets, as the authorities have scrambled to maintain market share, has made these problems pretty well general. As the Bank for International Settlements points out, the growing substitutability between money and other financial liabilities and the growing cial liabilities, and the growing integration of onshore and offshore money and credit markets but the narrowest aggregates increasingly obscure, and robbed the authorities of a fulcrum for their policy interventions. As a result, the setting of targets has less and less effect on expecta-tions, and the success of policy is judged not in terms of targets for monetary growth, but of the performance of the real economy. We are getting back to the seat-of-the-pants control of money which targetry was supposed to banish.

If this were the only result of deregulation, many would regard it with equanimity; the world got on very well without monetary targets until quite recently, in historic terms. The sees more worrying

dangers.
One might be described as rency exposure. Floating rates which broader competition can and the development of swap bring, but few of the risks enand future markets have made talled in this permissiveness.

the margin differentials which previously provided some insur-ance against such risks.

The sovereign lending crisis made these risks very evident to bank depositors, and the re-sult has been a second wave of change, to which the ugly label of "securitisation" has become attached. Investors have switched out of bank deposits and into direct claims on the most creditworthy borrowers, through the Eurobond and commercial paper markets. The re-sult has been a fall in the quality of bank assets and a rise in contingent liabilities, which are not reflected in balance

### Uncertainty

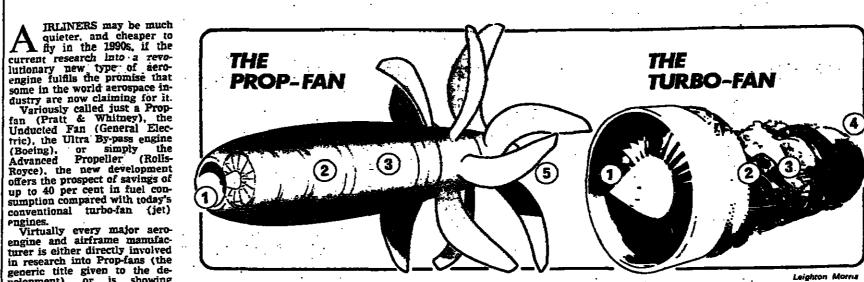
This is a far more serious matter than the fog of uncertainty which now surrounds monetary targets. Central bank supervisors, who are aware of the problem, have responded by calling for a reinforcement of bank capital; but since much of this has been raised through floating-rate notes sold to other banks, the result is more to generalise the problem than to control it. The systemic risk which would follow any major bank fallure is now inter-national—and as Britain's experience with Johnson Matthey Banking has reminded us, in today's markets even small banks can fail for startlingly largė sums.

All of this adds up to a formidable challenge for prudential supervision, and it is presumably only because the BIS represents central bankers who are already aware of the problem that the warning is the externalisation of risk stated in such muted language.
Banks and other credit intermediaries used to be contained in the containing the c strained in their expansion by politicians who seem to see all the risks of interest rate or cur the potential gains in efficiency

# A revolution in the making

By Michael Donne and Lynton McLain

**AERO-ENGINE TECHNOLOGY** 



THE ILLUSTRATION shows the basic difference between today's widely-used turbo-fan (jet) engines (right) and the new rival generation of Prop-fans (left).

In both engines, air is taken in at the front end of the engine (1). It is compressed (2), and burned (3), and dominant themes at this year's Paris International Air Show, but there were also clear differences of view among engine and airframe makers about the scale of the development problems involved, and the likely availability of the device for operational service.

The cause of all this excitement is, in its simplest form, an extension of the already well understood principle of turbopropeller power—the harness—the harness—the smallest improvements

even the smallest improvements in fuel usage or noise is rising

As a result, designers have for some years been concentrating on propeller engines, though there will certainly be

continued beavy reliance on,

and development of jet engines not least because of the heavy

investments already made in

aero-engine builders, plans to run a demonstrator engine this

August on its Peebles, Ohio, test-

bed. GE calls its Prop-fan the Unducted Fan, or UDF, to diffe-

rentiate it from others who are behind it in the race. The UDF is based on an F-404 fighter engine core (the hot part of a gas turbine engine), and is designed to yield up to 25,000 lbs

thrust, enough to power a twin-engined 150-seat airliner for

Strongest support

for Prop-fan

in the U.S.

each shaped more like the blades on a ship's screw, either all fixed on one rotating hub or, more likely, on two closely-linked counter-rotating hubs the United States, where the each bearing six or more blades government-owned National The manufacturers claim that Aeronautics and Space Adminithis will mean not only substantial savings in fuel consumption sixe. \$200m plus programme, by comparison, but also big with the support of the aero-space industry, over several

tial savings in the consumption size. \$200m plus programme, by comparison, but also big with the support of the aeroreductions in noise and vibration. Propeller-driven airliners years.
would also be able to fly almost
This has now reached the

would also be able to fly almost This has now reached the as fast as jet airliners; so far stage where General Electric, no turbo-prop airliner has been one of the world's "big three"

turned into a hot gas exhaust, which in the turbo-fan provides the thrust (4) to drive the engine/airframe combina-

In the Prop-fan, the exhaust is used to drive the rotating hubs (5) on which the new type of propeller blades are mounted. The Prop-fan is

of its rivals, Pratt & Whitney and Allison, both of which are

also engaged on Prop-fans. GE has now been joined by Snecma, the French state-owned engine group, which will have 35 per cent of the

The two major U.S. airliner builders, Boeing and McDonnell Douglas (the latter in associa-

Douglas (the latter in association with Aeritalia of Italy), are planning flight tests of the UDF from GE in 1986 and 1987, using a Boeing 727 and an MD-80 airliner. Flight tests of the Pratt & Whitney and Allison prop-fans will come later. Another U.S. company, Hamilton Standard, part of the United Technologies Group, is leading the U.S. efforts on the design of the Prop-fan blades. McDonnell Douglas has also linked with the Chinese Shanghai Aviation Industrial Corpora-

hai Aviation Industrial Corpora-

tion on Prop-fan development.

GE claimed categorically at the Paris Air Show that its early research had shown that its UDF would be able to meet the U.S. Federal Aviation Administration's aircraft noise

rules. GE is so convinced it is on the right track that it is balk-ing of offering both Boeing and McDonnell Douglas UDF engines for incorporation into

new 150-seater airliners for ser-

might be available so soon is a key reason why Boeing has decided not immediately to

challenge the recently-launched

European A-320 150-seat Airbus (which will use the new Inter-

(which will use the new inter-national Aero-Engines V-2500 jet engines) in world markets. Boeing argues that by waiting a little longer to produce a

rival airliner design of its own,

it will be able to incorporate not only UDF engines, but also

vice by 1992.

GE programme.

likely to be mounted at the rear of the aircraft's fuselage to reduce noise and vibration for the passengers.

The major engine makers disagree about the mechanics

of the new type of engine.
General Electric (U.S.)
declares that no gear-box is
needed in its Unducted Fan.

posite materials and metals, and

new electronic systems which would make its design so ad-vanced that it would drive the

can adopt the V-2500 and still offer a better aircraft in world markets than the Airbus A-320.

builders and the airlines—but not until the late 1990s.

Both Roils-Royce and Pratt &

GE says its UDF does not

need a gearbox, thereby easing maintenance costs. But Rolls-

Royce and Pratt & Whitney

turbo-propeller engines. They

argue that gearboxes will mean

even further savings on fuel consumption will be possible in

Rolls-Royce is especially

(UDF) Prop-fan engine.
But Rolls-Royce, Pratt & Whitney and Allison Division of General Motors, all of which are also involved in Prop-fan research, believe that a gear-box is essential for more efficient running as in all other kinds of gas turbine engine.

service date of 1992. Mr Ralph Robins, Rolls-Royce's managing director, says his company's own research indicates that problems of noise and vibration

A-320 out of world markets.

It is a gamble, but Boeing says that even if the UDF does not live up to GE's claims, and it is obliged to revert to jet engines for its new aircraft, it the later 1990s are more realistic. The company believes that a military, rather than a civil, aircraft is the likely first Both Rolls-Royce and Pratt & Whitney have a big investment in the new V-2500 jet Airbus is openly scornful. It acknowledges that Prop-fans, whether GE's UDF or others from Rolls Royce and Pratt & Whitney, are on the way, and that undeniably they will have much to offer the airframe builder and the significant but

engine for the A-320 and other

may be much more difficult to solve than GE suggests, and that

### No airline wants to be the launch customer

not until the late 1990s.

Airbus argued openly at the Paris show that many of the claims for the Propfans are still hypothetical. It is studying them, and may well use them eventually in some future generation airliner, but by then it believes that the existing A-320 will be so firmly established anyway that it could never be driven out of world markets by Boeing or any other manufacturer. new airliners, an investment which they want to safeguard. So they believe that to introduce a rival power-plant into-duce a rival power-plant into the market now would be highly damaging. It would be better to concentrate on get-ting Prop-fans onto the next generation of airthurs after the A-320, rather than confuse the airlines and hurt V-2500

Whitney appear to support the Airbus view that a much longer development time-scale than that claimed by GE is inevit-150-seater market with their joint CFM-56-5 engine, which directly rivals the V-2500. They claim that by offering both the believe that gearboxes are CFM-56-5 and the UDF, they essential, as on conventional can get the best of all possible worlds in both civil and military markets.
This does not mean that

consumption will be possible in the Prop-fans, leading to bigger savings in direct operating costs.

This does not mean that Rolls-Royce and Pratt & Whitness are playing down the Prop-fan. Far from it. Although Rolls-Royce does not have the benefit of the big U.S. research critical of GE's claims of an in- programme, it is spending seen.

much of its own money on its own Prop-fan, which it called an Advanced Propeller, and believes that eventually it will have a device that will rival anything the U.S. can offer.

Moreover, as the world aeroengine industry forges new links to develop Prop-fans, a link between Rolls-Royce and Pratt & Whitney cannot be ruled out, although both say they have not yet discussed it. they have not yet discussed it, it is also possible that other European engine companies, such as Fiat Aviazione of Italy and MTU of West Germany, will try to join one or another of the big three to get some share of the action.

So far, the airlines themselves have shown a reluctance to become involved in the Prop-

to become involved in the Prop-fan debate. They are all aware of what is going on, but say they must wait and see what the flight tests produce, and then what Boeing and McDon-nell Douglas do, before com-mitting themselves. No airline as yet wants to be the launch customer for the Prop-fan, and it is likely to take every ounce of Bocing's admittedly per-suasive salesmanship to convince prospective customers that a new aircraft using GE's UDF is possible and desirable for the early 1990s, despite the undeniable attractions of big

cuts in operating costs.
In the meantime. Airbus is exploiting the situation by arguing that Prop-fans, either trop-tans, either tupes or others, are such a long way off that airlines would be better advised to buy the A-320 now. With Pan American and Ansett aiready in the A-320 bag, other major airlines are likely to follow soon.

Although Boeing is still winning orders for its smaller 737-300, and McDonnell Douglas also successful with its MD-80 series— their answers so far to the A-320—airline interest in the latter aircraft. with conventional turbo-fan jet engines. Is growing. Many air-lines believe that Boeing is taking too much of a risk in leaving it so late to launch its own rival to the A-320. Even McDonnell Douglas is offering the airlines a jet-powered MD-89 for delivery by 1989 in a bid to beat off A-320 competition.

If the GE Unducted Fan were to run into hidden snags. delaying it by so much as a year or two, Boeing would have to revert to jet engines (V-2500s or CFM-56-5s) and could miss the market tide, despite being able to offer an aircraft with advanced technology in other arms.

logy in other areas.

By the time of the borough Air Show in September, in September, 1986, the Prop-fan flight test programme should be proving who is right or wrong. By the next Paris Air Show, in midstumer, 1987, Boeing and GE may well feel sufficiently confident formally to launch a new airliner using the UDF. If that happens, Airbus, and much of the rest of the industry could find themselves involved in one of the fiercest sales contests the world has yet

# Room at the top, French-style

It was an historic day for L'Air Liquide, the large French industrial gasses group. It has a new chairman only the third new chief executive of the company for 83 years.

velopment), or is showing strengthening interest in it. All

concede that a revolution in aero-engine technology seems to

be in the making.

This interest in the new engine provided one of the dominant themes at this year's

propeller power—the harness-ing of a propeller to a gas-turbine engine. Turbo-prop air-liners are well known—there

have been many types of them,

from the earliest, the British Vickers Viscount in the early

What is new about the Prop-fan, and what promises to re-

volutionise airliner economics, is the propeller itself, although there will also be some design

changes in the gas-turbine engine (see the caption to the

illustration). Instead of the conventional three or four-bladed propellers so common today, in the Prop-fan, they will consist of up to 12 to 16 blades,

each shaped more like the blades on a ship's screw, either all fixed on one rotating hub

Over the past 30 years of development of gas-turbine aero-

engines, from the earliest 'straight-through" type of jet

to today's "high by-pass turbo-

fans" the fuel consumption per

seat-mile flown for long-range airliners has been reduced by

two-thirds, as a result of pro-gressive improvements both to the engines, and the aerodyna-

Further improvements in both

conventional jet engines and

mic shapes of the airframes.

But there will be no shake up. The succession at L'Air Liquide has been carefully and long prepared. After running the company for 40 years, Jean Delorme will be handing over to his son-in-law, Edourd de Royere, vice-president. Delorme was the second chairman of the company, formed in 1902. The company, described as

France's first multinational, acquired worldwide footholds including the U.S. and Japan early in its history and has more plants abroad than any other French company. Under Delorme I. Air Liquide, run as discreetly as the Vatican condiscreetly as the Vatican, con-solidated its international presence. Today it is involved in 55 countries.

Focussed on the industrial gas

business but also in construc-tion, chemicals, pharmaceuticals and welding, it has been a French success story. Sales are expected to total around FFr 20bn for 1984 and earnings could reach FFr 1bn or more. Delorme is in the tradition of veteran French entrepreneurs like Marcel Dassault, the aero-space tycoon who is running again for parliament at the age of 93. Jean Mantelet ran Moulinex for 40 years to 1972 and is still chairman of the executive committee and other

French tyre group. At L'Air Liquide, a company insider said: "We've had two chairmen since we were founded and some people think that's already too much.'

eternal managers include Fran-

cois Michelin, head of the

Fever in the City

# **Men and Matters**

short-to-medium ranges. many other advanced techno-GE thus appears to be ahead logies. These include new com-

for the second year. Last year the nuclear navy. In recent a rebel broker, Jeremy Lewis, months, like almost every other a rebel broker, Jeremy Lewis, beat Sir Nicholas Goodison into second place. Yesterday Lewis was forced to resign from the council over his stand on the constitutional reform. He immediately slapped in his nomination papers and is running again.

Another runner is Andrew Hugh Smith, a more establish-ment figure who is senior partner of brokers Capel-Cure Myers. Last year he failed to gain a place in unfortunate circumstances. He tied in the poll with Nicholas Assheton of Montagu Loebl Stanley. Under the rules the scrutineers had to draw lots. It was all highly secretive, "I don't know whether they spin a coin or break matches;" Hugh Smith said yesterday.

In any event, Hugh Smith lost. There is some justice, however, and the main who beat him in that controversial tie-breaker has to run again in this year's elections. Place your

### Moving west

From across the Atlantic comes intriguing news about David Plastow, Vickers' chief execu-tive. He has accepted an invitation to join the board of Tenneco, the Houston-based conglomerate which counts itself among the top 20 U.S. companies.

Tenneco is a far-flung 1960s-Style conglomerate whose interests cover date-growing in The elections at the Stock pipeline from the Gulf of California, operating a gas the period was 3.3.

The elections at the Stock pipeline from the Gulf of Exchange for places on the council will provide excitement building ships in Virginia for menu. The price of a sovereign

U.S. energy group, it has been singled out as a possible take-over target—which may explain the approach to Plastow.

The Vickers chief is joined on the Tenneco board by Michael Blumenthal, former U.S. Treasury Secretary and chief executive of Burroughs, the computer multinational. The non-executive appointments should strengthen the Houston team which has been increasingly on guard against sharks and greenmailers.

Plastow has spent five hard years rationalising Vickers into years rationalising vickers into fice core businesses covering among other areas marine engineering military tank and Rolls-Royce car manufacturing maybe he is seeking a fresh challenge.

### Golden oldies

Charting the price of a gold sovereign against the cost of a set dinner at London's Savoy Hotel gives food for thought; Julian Baring, a partner of James Capel and Co pointed out at the FT Gold Conference in Lugano. In 1914, the last time s pound note could be exchanged for a sovereign, the cost of a Savoy dinner was today's equivalent of 30p. At that time 3.3 people could have dined on a sovereign.

Baring has worked out the number of people who could have eaten at the Savoy during the 1974-84 decade. No prize for guessing—the average over the period was 3.3.

is £59.40 so only 2.4 people could afford to dine on it. In terms of dinner at the Savoy, Baring suggests gold is 16 per cent too cheap, which should encourage the bulls.

### **Novel politics**

The publicity-conscious Labour borough council in Scunthorpe
— which has already given us such gems as a breakaway Shakespeare festival to rival Stratford-upon-Avon, and guided tours round its crema-torium—is at it again.

This time it is entering the world of fiction good and proper, by stumping up £7,000 to publish a new novel by a local author.

Stephen Benatar's "Such Men are Dangerous" — his fourth novel—is said to show the steel town in a good light. And the chairman of the leisure and arts committee, Michael Tierney, says he believes that local authorities have a duty to support local artists as, "a mark of a civilised society."

Not everyone agrees with him. Lawrie Chapman, a college lecturer and member of the council's Conservative opposition, argues the council could be flooded out as townspeople with time on their hands (the result of steel redundancies) pen their memoirs.

Neither do Benatar's previous publishers. The Bodley Head, agree with Tierney's assessment that the novel will be a "good investment" for Scunthorpe. They say they have rejected it. Unperturbed, Tlerney says 'It will be a marvellous publicity boost for the town."

### Separate ways

From the U.S. comes this updated version of the traditional fairy tale ending: "And they lived happily ever after-he in New York, she in California."

Observer

# **Spring follows** winter sensation

ADVERTISEMENT

THREAT OF SUMMER CANNOT BE DISMISSED AGAINST ALL the odds, spring arrived this year. Just

after winter. Describing this as "unaccountable seasonal variation," a

ministry spokesman interrupted his announcement of the setting up of a quango to look into the possibility of night following day, to comment, "Well, this is precisely the sort of inlikely eventuality of which we are all too unaware, exactly. Summer is another question entirely and, although we have the answer, it would be wholly inappropriate to mention it at

Mr. Terry Sensible, financial director to a chain of High Street retailers, was unimpressed by what he described as Whitehall wackiness."

"Look at it this way," he said, "every year we have a hot bit, more often than not between June and September It's when the staff gets incapable of working efficiently. It's when you're glad you put in Toshiba air conditioning. They have mabile units which you can move from office to office. They have 3 year guarantees. They're easy to install, Summer? I'm looking forward to it."

So Mr. Sensible seems to be prepared for summer. If and when it should happen.

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UK DRUGS INDUSTRY

# A bitter pill to swallow

By Tony Jackson

AN UNHOLY ROW is going on between the drug industry and the British Government. Latest attempts by the Government to control its drugs bill have been greeted with howls of anguish. The industry has cried wolf in the past. But this time, it insists with a new vehemence, the Government has gone too

the Government has gone too far.

Certainly, the climate has changed in the past couple of years. In controlling the profitability of drug companies, the NHS uses as its yardstick return on capital. Until August 1983, the return on capital allowed for an individual company had a ceiling of 25 per cent. Then the figure was cut to 21 per cent. Now, the range to 21 per cent. Now, the range is 15-17 per cent.

Last month's introduction of a limited list—whereby certain branded drugs are banned from NHS prescription—has relatively little impact on British companies. Beecham has lost fom in sales, and stockbrokers de Zoete and Bevan put the de Zoete and Bevan put the sales loss to Glaxo at 28m and to ICI at a mere £150,000.

But for foreign companies it

is a different matter. The in-dustry is convinced that the limited list deliberately discrilimited list deliberately discriminates against companies
based outside the UK. The
hardest-hit. Swiss group Hoffmann-La Roche, stands to lose
three-quarters of its UK sales.
Moreover, the move introduces a note of uncertainty
into an industry whose lead
times on new products regularly stretch 10 or 12 years into
the future. Mr Bill Duncan,
deputy chairman of KI's phardeputy chairman of ICI's pharacceuticals division, says: this business, the one thing I need is stability. You accept uncertainty on whether research will pay off. But what is intolerable is the added un-certainty of the rules changing

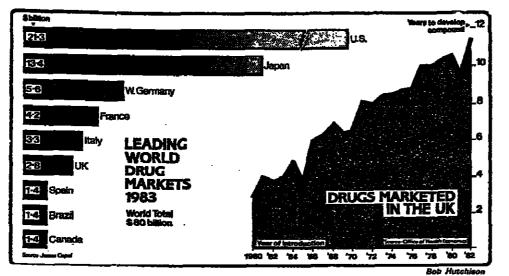
Some overseas drug companies are already talking about reviewing their UK expansion plans. Among U.S. companies alone, Upiohn is claimed to have cancelled plans for a £36m investment in new research laboratories in the UK, and Wyeth to have cancelled expansion plans worth £30m. Other foreign companies

Merck and Searle, for example - have just opened large new research establishments in the UK. But these projects were now seem to be as low as 12-14 all started several years ago, per cent, whereas the average research. At the same time, before the going got "rough," return on capital for British inIf damage has been done by the latest measures. It will take year's upswing, years to show through. By then, lips & Drew, was a remarkable canada of paying a net \$122m

This is an aspect to be hall anced against the question of UK profit levels.

This is an aspect to be hall anced against the question of UK profit levels.

There is another twist to the levels in the UK industry are argument. The Department of parochial indeed.



as the industry remarks bitterly, Government Ministers Norman Fowler and Kenneth Clarke will have moved on to fresh pas-tures, and no one will remember

whose fault it was.
Yet the industry's complaints should not be taken at face value. Like defence contractors, value. Like defence contractors, sharply, particularly in the drug companies are in an ambiguous position—belonging to the private sector, but with prices and profits controlled by the Government. This leads to genuine difficulty in establishing what their profits ought to the Government. This leads to genuine difficulty in establish-ing what their profits ought to

under which drug prices are controlled states only that the return to companies should be "fair and reasonable." As the Government itself admits, the phrase is so vague as to be meaningless. The complexities of the system actually give the Government considerable lati-tude in determining an individual company's returns, and hence, if called for, in reducing them. And however much the companies may be complaining now, they certainly had a bonanza in the days before

At that time, it will be recalled, the return on capital was up to 25 per cent—generous indeed compared with the rest of British industry in the trough of the recession. Now the tables have been turned. Effective returns on NHS sales The comparison, though, throws up further problems.

R & D. Drug research may be a poker game, but it is largely the taxpayer who pays for the

chips.
The UK plays an important role in the world of drug research. Although Britain accounts for less than 4 per cent of the world market for drugs, UK drug research amounts to around 11 per cent of the world total.

This is partly a tribute to the country's scientific status. But it certainly also reflects the highly profitable nature of the old NHS regime. countries — Canada

being the classic example-pursued cheap drug policies with great zeal in the 1970s. In Canada's case, the result was a general exodus by the international drug companies, and a virtual end to domestic drug research. At the same time,

for drug imports; by 1979 the figure had risen to \$213m. In the UK, by contrast, the The drug industry insists that balance of trade in pharmaceutit needs high profits to fund the risky business of research. The costs of research, and the attendant risks, have certainly risen than a third of the whole chemicals trade balance of

Britain is uncommonly good at drug research. Of the dozen top-selling prescription drugs in the world today, no fewer than But the return on capital Indeed, the top two—Smith granted by the Government through its pricing system is Indeed. Tagamet and ICI's Indeed were discovered by calculated after the cost of the same man. Sir James Riedler R & D. Drug research and the same man. Sir James Riedler R & D. Drug research and the same man. the same man, Sir James Black.
Britain's scientists are not
only good, they are cheap. Pharmaceutical research relies a
good deal on pure scientists.
Perhaps because of the traditional distaste for vocational
training in UK universities,
there is severations of a slive of there is something of a glut of British pure scientists. And

they are paid accordingly. The high international repuration of the British Medical profession is also of immense importance to the drug industry. Hospital trials on a drug's efficacy and safety, reports in prestige journals such as the British Medical Journal and the Lancet and official decrease by Lancet, and official clearance by the UK authorities carry weight in a number of less sophistica-ted markets, and hasten the process of registration around the world.

Health, like its counterparts in several European countries, is starting to grumble about the kind of research it is paying for. Too much taxpayer's money says the Department, is being spent on "me-too" products, and not enough on searching for breakthroughs in new thera-

If a company comes out with a highly successful new drug, other companies try to get in on the act by breaking the

The drug companies do not deny that this happens, but argue the case differently. The great bulk of research, they say does not proceed by hig break-throughs—as in the case of penicillin, say—but by incremental states.

penicillin, say—but by incre-mental steps.

A more fundamental criticism of the industry's research methods is made by Dr Max Perutz, Nobel prize winner and researcher with the Medical Research Council. "The easy way to get money for research; to the test its to here it or specific scale." is to base it on specific goals," he says. "But experience has shown that it is often fundamental research on an unconnected question which gives the breakthroughs."

Industry researchers respect Industry researchers respectfully disagree. Bill Duncan says "30 years ago, that was how it was at ICI. We had plenty of money for blue-sky research and it was marvellous. But given the way the costs of research have soured, the best we can now afford for that kind of thing is 10 per cent of our budget."

But Dr Perutz has another

But Dr Perutz has another point. Too much effort, he says, still goes into old-style "molecu-lar roulette," the empirical process of creating new compounds by the tens of thousands and testing them for effect.

"I find U.S. drug firms much more enterprising than the Europeans," he says.

This strikes a depressingly familiar note. In the wider field of the chemicals industry, the composite materials, advanced ceramics and biotechnology generally—are largely in the hands of the U.S. and Japan. with Europe lagging in the rear.
The pharmaceuticals industry, in the UK and in Europe, is at present highly successful. But if Dr Perutz is right, and

**National Insurance** 

# One way to reduce UK unemployment

By P. E. Hart

be expanded without generat- jobs done by married women in would not register as un-ing large increases in money the UK are done by young, full- employed. The reduction in the wages, prices and imports, then the current level of unemploy-ment could be reduced dramatically. To avoid such a dissipation of an increase in aggregate demand we need aggregate demand we here some form of international co-operation between governments and some sort of political consensus between employers, unions and the Government at home. Unfortunately, the out-look for co-operation and con-sensus seems rather block at

In these circumstances, wha an be done to reduce our high level of unemployment? The answer is that there are many modifications to the details of existing Government policies which would reduce unemployment, without violating its selfimposed constraints on public sector borrowing and taxation These adjustments might not restore full employment, but they would significantly decrease unemployment.

The kind of detailed modification required may be illustrated by measures to reverse the enormous increase in youth the enormous increase in youth unemployment from 1 per cent in the 1950s to over 25 per cent is the 1980s. Part of the increase occurred because of the full-time jobs formerly done by young people are now done by married women part-time workers: the latter increased formerly approach to the former of the form from 12 per cent of total female employment in the 1950s to over 41 per cent in the 1980s. Can this substitution of part-time for full-time jobs be

It will not be easy to do this because more and more firms, particularly in the distributive trades, are hiring part-time labour to meet changing flows of business. Indeed, if all the shops are to be allowed to open on Sunday, part-time employment is likely to be increased still further at the expense of full-time jobs.

However, other industrialised countries do not usually have Britain's high levels of partime employment. There are good reasons for believing that our system of national insurance contributions and income tax encourages part-time work

IF AGGREGATE demand could with the result that part-time workers likely to be displaced time workers in other countries. How can these side-effects of national insurance and income tax be removed? Again this is not easy, but a

first step would be to substitute a simple payroll tax for employers' national insurance contributions (NIC). That is, each employer would pay a tax cach employer would pay a tax of about 7 per cent of his annual payroli instead of paying national insurance contributions for each employee each week. This would yield the same sum as employees' NIC, but costs of administration would be reduced substantially because only one percentage need be calculated each year from the figure for total wages and salaries appearing in his annual accounts. There would be no need to bother with

Other industrialised countries do not usually have Britain's high levels of part-time employment

employee calculated on his or her earnings. Some people might claim that the graduated employers NIC favouring the lower paid in the 1985 Budget will encourage employment of more young people rather than more expensive adults. However, the competitors of young people are not adults in full-time jobs earning over £130 per week (when the full employers' NIC rate is payable) but married women part-time workers, particularly those earning less than £35.50 a week, when neither employers' nor employees' NIC is payable. The 1985 Budget did nothing to alter the fact that it is cheaper for an employer to hire two half-time workers at £35 per week than one full-time young person at £70 per week. It could have been a better

separate payments for each

Removing this cost dis-advantage of employing young people would reduce registered unemployment: the part-time

Budget for jobs.

household incomes of such married women part-time workers would be mitigated by the second modification of existing taxation policy, namely the introduction of one transferable personal tax allowance for all single or married people, instead of the married man's earned income allowance and the single course allowance and the single person's allowance.

The most tax efficient way now for a household to increase its income is for a wife to take a part-time job and earn just below £2,205 a year when no income tax will be paid on this extra income. Such an incentive to increase the supply of labour from married women cannot be justified in times of heavy

unemployment.
Giving this allowance to everyone, and allowing an unused allowance to be transferred to the spouse, would formally recognise that the unpaid work of housewives is very important: even if it does not appear in the national income accounts, it should nevertheless attract an allow-ence against income tax.

The abolition of the married

man's earned income allowance would more than pay for this step. In fact there would be a substantial sum (estimated at about \$465m in 1983) left for the Charolla to distribute for the Chancellor to distribute in the form of increased child benefits, for example, which would further reduce the supply of married women to the labour market and hence improve the prospects for the employment of young people. Such changes in taxation are consistent with present Govern-ment policy and would reduce unemployment, Moreover, there are many other detailed adjustments which would lower unemployment such as schemes to reduce overtime, to encourage more semi-retirement, to improve the geographic mobility of labour, to reduce the mismatch between skills demanded and supplied, to decrease voluntary unemployment and to lower the tar In allowances which encourage excessive substitution of capital

for labour.

### The threshold trap

. . .

From Professor D. Collard assess benefits on net rather than gross income is a clever one, but I wonder if it is quite clever enqueb?

As in other parts of the Green Paper no details of the calculations are given but an obvious difficulty appears to arise over the treatment of tax allowances in benefit entitlements. Has the Government unwittingly devised a new "threshold trap"? It is quite true that under the proposals, the effective tax rate can never exceed 100 per cent as long as the benefit with-drawal rate also never exceeds 100 per cent. This is because the beneficiary/tax payer faces an effective tax rate equal to the benefit withdrawal rate plus the marginal tax rate minus the product of the two (for example a withdrawal rate of 50 per cent and a tax rate of 30 per cent would lead to an effective marginal rate not of 80 per cent, as at present, but of 65 per cent). But when tax allowances are increased—and the Government is keen on increasing thresholds to help the low paid—the beneficiary/tax payer gains substantially less than

other tax payers.
Using the illustrative figures. if the tax allowance increases by £100 the tax payer is £30 better off while the beneficiary/ tax payer is only £15 better off. The bigger the withdrawal rate the smaller the gain. An obvious way out would be simultaneously to announce increases in benefits equal to the difference. This would however, be formally equivalent to ignoring tax allowances in the gross/net adjustments for benefit calculation, something which presumably the Governtax payer is only £15 better off. which presumably the Government would not wish to do. May we now add the threshold trap to our old friends the poverty trap and the unemployment

(Professor) David Collard, University of Bath, Claverton Down,

### Equality in pensions

From Mr R. Rice
Sir.—I was delighted to read
(June 5) that Mr Norman
Fowler has decided to impose equal opportunities for the sexes in the field of pensions, by requiring assurance companies to quote the same annuity rates for men and

Can we hope that he will also have the courage to require the Almighty to provide equal opportunities for men and women in terms of life expectancy? If this should be beyond his powers, perhaps, at least, is expected when the profits the can lower the official retirement age for men so that we

# Letters to the Editor

Wadhurst, Sussex Wrong three

From the Director, Employment Affairs, Confederation of British Industry

Sir,—For the third time in a published letter Chris Pond (June 5) of the Low Pay Unit has misrepresented the CBI position on wages councils. For the third time, may I confirm to him that the CBI is not opposed to the abolition of wages councils. Richard Price, 103 New Oxford Street, WCI.

### Rate-cutting and Lloyd's

From Mr M. Roddick
Sir,—It is clear from most of Sir,—It is clear from most of the correspondence from com-plainants and the media in general that they have not comprehended that Lloyd's is not a company but a market. It should be anticipated by names on a new syndicate that the first one or two years may indeed is likely to revolues a the first one or two years may indeed is likely, to produce a loss particularly when underwriting conditions are difficult, as they have been for almost a decade. In a well-established syndicate, however, a large loss or series of losses is due to accepting business at premiums too low for most of its competitors to contemplate. This means a large loss of business to the a large loss of business to the irresponsible at the expense of irresponsible at the expense of those who are trying to maintain a more stable market, resulting in substantial profits being paid out to names for several years by the guilty autil nemesis catches up with them, all to the prejudice of the prudent

Is it now suggested seriously Is it now suggested seriously that, having suffered the rate-cutters for many years, they should now hand over their more meagre profits to bail out the imprudent in what promise to be (hopefully) more favourable underwriting years? If so I think it likely that I would not be the only member to hand in his resignation to the committee of Lloyd's and rightly so. It should be clearly undermittee of Lloyd's and rightly 80. It should be clearly understood that in private enterprise (is there one of more enterprise than Lloyd's?) there always will be losses large and small, but if a Fairy Godmother is expected when the profits

may have an equal period of Lloyd's. Nevertheless, after retirement to that enjoyed by women.

R. K. Rice,

Lloyd's. Nevertheless, after almost 48 years as an active member in the market I know of no better investment in the long term and in moderation. M. J. Roddick. Greenmontle, Woodhouse Lane, Holmbury-St-Mary, Nr Dorking, Surrey.

### Legal data services From the Chairman and

Butterworth Group Sir,—Your despatch headed "Legal data service closed after takeover" by Alan Cane (June

contained substantial inac-The Butterworth Lexis datathe British-owned, belonging to Butterworth, this country's oldest and leading legal publisher, which is a subsidiary of Reed International. The Euro-

Reed International. The Euro-lex business, until purchased by Butterworth, was Canadian-owned, belonging to Inter-national Thomson.

Butterworth uses the Lexis computer and software located in Dayton, Ohio, under an arrangement with Mead Data Central. Lexis is the leading legal information retrieval sys-Central. Lexis is the leading legal information retrieval system in the United States. Eurolex has used a computer belonging to Datasolve, a subsidiary of Thorn-EMI, and a British software system called Status. Butterworth did not buy Eurolex to close it down, but to

rescue it, purchasing it after International Thomson had offered it unsuccessfully to a number of other parties. All of the services offered by Euro-lex will continue to be offered by Butterworth to Eurolex subscribers. The costs of the two systems are comparable. Eurolex, which your correspondent claimed to be "often signifi-cantly cheaper," costs less only to subscribers who do not use it extensively.

We are trying very hard to find jobs for Eurolex employees, not only in Butterworth Telepublishing, which runs our Lexis database, but in other Butterworth companies.

The Butterworth database is not, and does not wish to be, a monopoly. Most of the material in it is from our own publications and most of the rest is licensed non-exclusively. We have welcomed Eurolex's competition over the past five years and regret that it has not been as successful as it had

hoped. We were concerned that the Office of Fair Trading would consider our purchase a monopolistic move and fully cleared and Co., it, in the presence of Thomson 152-160, City Road, EC1.

executives, with the OFT. We have checked wigh the OFT, and it has confirmed to us that it has no intention of re-openi investigations into the takereported.

Eurolex is not, and never has been, "the UK's leading British-owned computerised legal information service." That describes the Butterworth Lexis database. W. Gordon Graham. Borough Green, Sevenoaks, Kent.

### Stock Exchange reform

From Mr T. Ahern
Sir,—I am surprised that
those members who voted
against the second resolution
at the Stock Exchange EGM on
Wednesday. Wednesday are described in Saturday's FT leader as "Lud-

I voted against this resolution on the grounds that I stated at the meeting. Radical Bills which are presented in Parliament are rarely passed without certain amendments. It is understood that one of the understood that one of the major causes for concern, namely the question of members without liability trading alongside members with unlimited liability will now be sorted out. This will entail partnerships becoming limited corporate members. The capital necessary for small firms to do this will be relatively small.

be relatively small.

As the resolution there is no differentiation between the value of membership in perpetuity (i.e., the on-going membership of a large going membership of a large public limited company, such as a bank) and the lifetime mem-bership of the individual mem-

ber.
There are anomalies in the share scheme. The proposed number of Stock Exchange shares to be purchased by new entrants are not consistent in relation to their size. Most firms who have sold out their busi nesses have sold "cum member-ship" meaning that the entrants will have no need to purchase

further shares.

There are also doubts and uncertainties concerning the mar-keting of the new shares. The likely supply and demand for these in the future could reflect a value considerably less than some optimistic forecasts that have recently been made

At the first AGM which took place, in 1981, after it was known that the Government was pursuing a case against the Stock Exchange in the Restrictive Practices Court, I stated, that the Stock Exchange bad no case, and should cease spending money on legal expenses defending it. Despite this warning, the Stock Exchange council continued to prepare z defence for the case, spending £1.5m in the process.

T. S. Ahern, Walker, Crips, Weddle, Beck

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# **FINANCIAL TIMES**

Wednesday June 12 1985

Harveys in

sherry role

By Tom Burns in Madrid and

HARVEYS of BristoL the UK's Al

lied Lyons sherry and port subsid

iary, appears set to become the world's leading sherry shipper with what it describes as a "substantial

bid" for two Spanish sherry and

brandy companies that belonged to

the Rumasa group.

The offer for the two companies

Terry and Palomino y Vergara, has been accepted by the Patrimonio Nacional, the Spanish government agency charged with the disposal of

the Rumasa companies after the ex-propriation of the holding in 1983.

The hid now has to be formally en-

dorsed by the Spanish Cabinet which is to meet next week.

Mr David Beatty, managing di

rector of Harveys, which holds 15

per cent of the international sherr

market and 27 per cent in the UK

the details of the bid. "We have pu

in a substantial bid and we will no

know the results until June 18 or

19," he said. "It would be foolish to

presume anything at this stage."

The hid from Harveys, whose best-known brand is Bristol Cream

came in a final round of bargaining

over the sale of Rumasa's sherry di-

vision. Madrid officials said yester

day that Harveys had outbid Sea

gram, the Canadian drinks group that owns Sandeman, the sherry

Details of the acquisition were not disclosed, but Madrid officials

said the Harvey bid was Pta 500m

(\$2.84m) higher than the rival offer

Terry, which has a current annu-

al turnover of Pta 7bn, is under-

stood to be one of the most desir-

able of the Rumasa sherry properti-

es. Palomino y Vergara has a cur-rent turnover of Pta 600m.

A spokesman for the Sherry Ex

the Terry company.

yesterday declined to comment on

**Spanish** 

bid for

leading



# Merrill Lynch and **UK** gilts jobber in talks

By John Moore in London

MERRILL LYNCH, one of the largest U.S. securities groups, is forging a link with A. B. Giles & Cresswell one of six jobbers or market and makers trading in British government securities on the London

both sides confirmed that they are holding discussions concerning the acquisition by Merrill of an initial 29.9 per cent stake in the market-

Mr Stanislas Yassukovich, chair-man of Merrill Lynch Europe, said in London last night: The acquisition is part of a continuous strategy to prepare Merrill Lynch for strong participation in the liberalised London financial markets."

Merrill Lynch, the first U.S. investment group to acquire a London jobber, is one of 31 applicants for places as primary dealers in the restructured market in British government securities - the gilt-edged

Until yesterday's announcement, Merrill had remained aloof from the current round of link-ups between overseas securities houses and London-based brokers and market-makers. Its most ambitious move in the London securities market to date had been to recruit a senior gilt-edged dealer from lead ing London market-maker, Wedd Durlacher Mordaunt, to set up their primary dealership operations in

Merrill Lynch is expected to move to full control of the jobber once stock exchange rules are finally relaxed next April. No price has been disclosed in the deal.

The latest deal means that most, if not all, the independent giltedged dealers in Britain have forged links with other firms.

Phillips & Drew, which is to merge with the Union Bank of Switzerland, recently announced its inmarket-maker in British govern- cial inequalities. ment stocks. Akroyd & Smithers, al, which is creating a large British

# Labour 'would want say in UK company plans'

BY PHILIP BASSETT, LABOUR CORRESPONDENT, IN LONDON

BRITAIN'S leading companies would have to negotiate individual corporate development plans with a future Labour Party government, according to far-reaching joint La-bour-Trades Union Congress proposals to be considered by union

The confidential document to be examined today by the TUC's economic committee has as its aim to "set the political agenda for the next election." The election must be held by June 1988 at the latest. It is the final version of a lengthy exercise between the TUC and the Labour Party to reach a new compact that will form the cornerstone

of Labour's electoral platform. However, it has been substantially modified, principally because of searching criticisms of it by Mr Tony Benn, the Labour left-winger even though his attacks were rebutted by Mr Neil Kinnock, the party

The new version, which is likely to be approved as policy at the end of the month by the TUC and Labour national executives, is much more open about proposed economic planning arrangements, insisting that development plans will have to be agreed with a "wide range of

specific reference about which companies, or how many, some senior Labour figures are suggesting pri-vately that the top 200 UK companies would be affected.

The TUC-Labour plan makes clear that the negotiations would include union representation as well as management and government and suggests that matters such as access to credit, state aid, trade policy and support for innovation will all depend on the negotiations approving individual company plans. It states: "Our aim is to make

sure that our strategy for recovery translated into action - to see that companies, both public and pri-vate, match up to their responsibilities for helping us strengthen the British economy.

The document which has alreaday been approved by Labour's home policy committee, goes further by saying: "We will also ensure that the pricing policy of companies can be justified by reference to their efficiency and market condi-

That reversion to the idea of planning agreements, although on an individual company basis, is conpled with a warning that a Labour

vene in certain industrial sectors to curb import growth and the degree of import penetration.

In return, it makes two specific pledges in employment areas, as well as proposing a wide range of policy and local government.

• The repeal of the Conservative Government's "divisive" labour legislation, and its replacement by legislation that would include en ployees' rights to information, consultation and representation.

• A job for every young person at the end of a high-quality, two-year programme of education and training, provided by "sufficient re-sources and backing" for the Man-power Services Commission.

Significantly, the document bare ly mentions the TUC, concentrating instead on Labour's relations with ordinary working people, at local

It touches in imprecise terms on the thorny question of pay, accepting the need to deal with issues of unemployment inflation and the distribution of income although it makes no specific proposals other than to "reject the Government's government might have to interpolicy of holding down wages."

# Socialist union accuses Paris of employment policy 'failure'

BY DAVID HOUSEGO IN PARIS

FRANCE'S Socialist Government esterday came under harsh criticism over its employment policies from the union normally most sym-

M Edmond Maire, leader of the pro-Socialist CFDT, said that in emdovment terms the Government's policies were a "serious, resounding failure.

Speaking at the union's threeyearly congress at Bordeaux, he described them as giving little hope of iob creation and said that what was needed were policies that would tention to acquire Moulsdale, a restore dynamism and reduce so-

He contrasted a level of unemone of the largest of the jobbers, is ployment that was sapping the mersing with Mercury Internation cohesion of society with the fortunes being made on the bourse by the French union leaders, and has Maire's own leadership of the the current boom in French share long tried to steer his membership CFDT was under threat.

prices and declared that the Government had "fallen back on a policy of short-term management." M Maire's unexpectedly strong

the Government is trying to persuade the electorate that there is no alternative to its anti-inflationary policies but that it is trying to relieve unemployment through train-ing and community work pro-

In opening an important congress that will determine future union policy on such a note, M Maire was giving vent to the disenchantment of his own rank and file while trying to prevent them from reverting to orthodox militant unionism.

M Maire is the most thought

towards adapting to technological change in industry. But during the past three years the CFDT has lost ground in the French union movement at a time when all the unions have been losing members.

In elections to the social security <u>administrations in 1983 – the main</u> test of unions' comparative strength - the CFDT slipped back from second to third place behind the Com-munist-led CGT union and the or-

thodox Force Ouvrière.

M Maire suffered a further set porters' Association in Spain said Harveys' double acquisition was back in December last year when his rank and file rejected agreenow likely to put the company ahead of rival producers Domec ments he had negotiated with the and González Byass. employers over more flexible working hours and working practices.

Rumasa, at the time of the es propriation, owned a total of 19 producers, and the bold sherry division represented a third of the sherry trade's exports. The 19 producers were streamlined into six companies by the Patrimonio Nacional and offered to the highest Spanish officials said the Garvey

Company, which owns the top selling Španish brandy Esplendid had been sold to the West German group Coop A.G., which has already acquired Mantequerias Leonesas, a former Rumasa company. Leaving aside Williams and Humbert, which are the subject of litigation, the two remaining former Rumasa sherry companies. Diez-Merito and Bode gas Internacionales, have been acquired by Sr Marcos Eguizabal, who has extensive interests in intensive early-season farming.

# Loss expected at Storage **Technology**

By Paul Taylor in New York

STORAGE TECHNOLOGY, the troubled Colorado-based computer peripheral-equipment manufactur-er, which is struggling to reorganise its operations after filing for protec-tion from its creditors under section 11 of the U.S. bankruptcy code last

October, said yesterday that it expected to report a first-quarter loss of about \$30m.

The projected loss appears to reflect the company's internal difficulties together with the general re-cent malaise of the U.S. computer industry, which has forced almost all the main players in the sector to cut jobs and reduce earnings esti-

Mr Ryal Poppa, Storage Technol ogy's new chairman, disclosed the expected first-quarter loss in a letter to shareholders. Last year the once high-flying disk and tape-drive manufacturer reported a net loss of \$505.4m including \$279m in write-

offs and inventory adjustments.
The projected 1985 first-quarter loss includes the \$16m negative effect of an accounting change. In the comparable 1984 period, the company lost \$16.7m on revenues of

The group has been struggling to rebuild customer confidence since its Chapter 11 filing last year. Its or-ders have dropped dramatically, however, because consumers have delayed purchases to await delivery of competing products due from IBM later this year

North American Philips warned

yesterday that its second-quarter earnings would be significantly below earnings in the 1984 period and that net earnings for the full year would be down modestely from 1984.

# THE LEX COLUMN

# **Putting Nigeria** under wraps

for Metal Box to take its Nigerian subsidiaries out of the reckoning in the year when those companies swing from a £9.6m profit to an £3.6m loss. With the accountants' blessing, the two companies, where Metal Box has 50 per cent-plus stakes, have been deconsolidated on the argument that changes in Nigerian Government import policies mean the parent can no longer ex-

What has actually changed in Nigeria is not the degree of Metal Box's control – which was limited anyway in the central matter of remitting dividends - but external economic circumstances. The decision smacks of a reluctance to take the rough with the smooth in a volatile country, where if the risks are high, so, at times, are the rewards. Moreover, if Nigeria is taken as a special case, what price elsewhere

in Africa or in Latin America?
Nigeria apart, Metal Box has relargely explained by a change in the year ends of the Italian and Greek companies and by the sale of a majority stake in South African

The biggest improvement has come in UK packaging, where profits rose 44 per cent to £40.2m, following wholesale rationalisation and investment programmes. In the U.S., dollar profits have marked by Seagram. Harveys also under-took to add a new bottling plant to Box plans further expansion in the yet. U.S., probably by acquisition, funded by the now highly-cash-

generative UK businesses. Given these promising signs Nigerian deconsolidation aside Metal Box's discount to the market still looms large. Assuming current-year profits of C75m pre-tax and a 25 per cent tax charge the multiple is just six.

### Capital & Counties

Yesterday's hid by TransAtlantic the sector.

**NEWS** 

The MoD (Procurement Executive) has nominated Ferranti Defence Systems as

the UK lead contractor responsible for discussing UK

participation in a common interception radar for the European Fighter Aircraft

regranti will be assessing proposals for a collaborative programme with the nominated lead contractors of the other EFA nations.

Current Ferranti radar pro-duction includes the scanner unit and transmitter for the

BUSINESS

EFA radar

proposals

CAPITAL AND пинин 1984 1985

did so at the minimum permissible

Yet it may be that TAI's relaxed approach simply reflects the strength of its hand. It has 34.5 per cent already and can increase its effective holding at any time by picking up convertible loan stock. The offer of 225p per share is no knockvealed a strong performance for the offer of 225p per share is no knockyear to the end of March, which put the shares up 30p to 433p. Admittedly, pre-tax profits are down from represents a discount of only 12.7 per cent to fully-diluted net asset. per cent to fully-diluted net asset value. C & C might be able to lift that value a little but probably not enough to leave the TAI offer trailing by more than the average sector count of 25 per cent.

There is no reason to doubt Lib-erty Life, TAI's parent, when it says that it would prefer to keep a substantial quoted minority in C & C. But majority control would at least give the South African group a time because the California can fac-quoted vehicle with which to mount tory was being retooled, but there a more serious assault on its longare good hopes for 1985-86 now the term quarry, Sun Life. Either way, work is complete. Moreover, Metal there is no point in accepting just

In the past 12 months, most City misgivings about Argyll have van-ished and the share price has more than doubled. Gone is the Meccanobolted structure of second-rank food retailing properties unlikely to grow except through paper-pushing acquisitions; in comes a group with a coherent strategy which deserves no discount to any but the giants of

message. Certainly there was noting in the terms to provoke a stampede of acceptances. Having raised note was a £10m net item charged its holding above 30 per cent, TAI below the line for costs and provi-was obliged to make a full bid and sions associated with warehousing bidde.

and with changing the names of shops. Motorway distribution cen-tres may cut the stock turn to a fortnight, while trimming down to a mere two major chains should help the customer identify with the group; but these are scarcely the fundamental alterations in the business implied by this form of ac-

The share price had better things to do than pause over such details, gaining 12p to 320p as estimates for the year were increased. With net margins still under 3 per cent, there is obviously more to do at Presto while the £10m shaken out of working capital last year shows that the group has no intention of going soft on suppliers. But the U.S. drinks business actually showed a fall in dollar-denominated profits and is unlikely to do much better until Argyl! can shift its portfolio towards more fashionable drinks.

### Guinness

The Arthur Guiness of old could always be relied upon for a few sur-prises on results day, but un-predictability and eccentricity have now gone the way of poor Arthur. Plain Guinness plc is the very mod-el of reliability. Yesterday's results for the half year to March were marginally above most City expectations and a 20 per cent rise in profits before tax to £37.2m was enough to lift the share price 2p to 280p. But, beyond evidence of impressive post-acquisition management at Martin the Newsagent there was nothing exactly surpris

The solid image which Guinness has so successfully nurtured could soon be put to the test. There is no doubting the management's appe-tite for a substantial acquisition to balance the dominant brewing interests and there is no longer much financial impediment. The group's shares are the most highly rated in the sector - full-year profits of £84m pre-tax would give a p/e of over 11 - and the restructured brewing division should soon be

Finding something to buy may not be so easy. It is unlikely that, i scarcely fell into the take-it-or- ment was confirmation of respect- the UK at least, Guinness could leave it category, please leave it ability - as much for its epic chair make an acquisition in the health was the rough gist of the offeror's man's statement and three-year business big enough to affect the balance of the group while, for all the success with Martin, Guinness will find the retailing scene crowded with potential counter-

# **Liberty Life** bids for UK

property group By Martin Dickson in London LIBERTY LIFE Association, one of South Africa's leading life assurance companies, launched a £173m (\$218m) takeover bid for Capital & Counties, a large

British property company.

Liberty said, however, that its bid had been prompted purely by the technicalities of Britain's takeover code and that it did not necessarily want to take control of the compa-

Capital, for its part, urged share holders to reject the offer, which does not reflect the present value and future prospects of the compa-

Liberty is making the offer through its 75 per cent-owned sub-sidiary TransAtlantic Insurance Holdings, which has held a 29.7 per cent stake in Capital for several years. Yesterday, TransAtlantic bought a further 4.8 per cent from the British Rail pension fund, taking its stake above the 30 per cent level, which automatically triggers | not be forced onto the agenda of the a full bid under the takeover code. It is offering shareholders 225p a share in cash, the same price it paid for its 4.8 per cent block. That compared with Capital's closing price last night of 223p ex dividend, up 28p on the day, and the company's fully diluted net asset value per share of 258p. The bid places a value of £173m on its entire ordinary share capital.

TransAtlantic, formed in 1980 by Liberty Life, is an unquoted UK inrestment holding company Lex, Page 18; Details, Page 23

World Weather

# U.S. heads for new budget row

committee began the groelling job of fashioning a 1986 U.S. budget yesterday amid gloomy predictions when the commerce Department reduced its previous forecast that compromise may be impossible and new evidence of economic slow-

With Mr Tip O'Neill, Speaker of sisting that the House would not go along with the Senate's propos cuts in social security, Senate lead-ers were citing new pessimistic pro-jections for the U.S. economy and calling for new cuts in total spending beyond those already achieved.
On Monday Mr David Stockman, the Budget Director, said the sluggish pace of the economy would boost the budget deficit above

Farm ministers

that the cereals price issue should

heads of governments summit scheduled for Milan later this

of capital spending by U.S. business this year. Instead of rising 7.3 per cent over last year, capital expenditure would rise only 6.2 per cent, the House of Representatives, in- against 15 per cent in 1984, the department said. Some economists said that that was an ominous sign that business was losing confidence

Reducing the budget deficit is considered vital to business confi-

A CONGRESSIONAL conference \$175bn in 1988 even if the cuts ap- \$3.8bn more than the Senate in pro-

dence, but as the economy loses momentum, the task of the conference committee grows increasingly diffi-

in the future.

are expected to demand a 1986 Senate's Republican majority, has

grammes for the poor. Senate negotiators are likely to go after such schemes if the House will not yield on social security. House leaders freeze in military spending, which gives no allowance for inflation.

Mr Robert Dole, leader of the

thrown a new proposal on the bar-gaining table. He would raise \$8.3bm in revenues by applying so-cial security taxes to state and municipal employees.
With the two sides so far apart on the means of cutting \$56bn for next

year, observers doubt that they can

### eze out the further reductions For 1986 the House has approved that Mr Stockman wants.

face deadline Continued from Page 1 Continued from Page 1

The U.S. Treasury said last night Argentina has promised to pay bank creditors about \$600m in overdue interest when the loan is agreed, reducing interest arrears on

If a vote is held and fails to achieve the required qualified ma-jority, the cereals problem will re-main unresolved. That means that either the Farm Council will have to meet once again before Milan or that the issue will be left to heads of

5 28 84

government. A third scenario, as yet highly speculative, is that member states may decide to leave the question

# New plan for Argentina

it expected agreement on the bridg-ing loan to take another few days. its public sector debt by around

The problem now, however, is to develop a concerted international response to the bridging loan after two major government creditors, West Germany and Switzerland, said they would not participate. Mr William Rhodes, said the IMF agreement "should allow

us to make rapid progress" on Arg-Sr Fernando Alfonsin entina's debt rescue package.



'Threat to car market' Continued from Page 1

Germany said the impact of the compromise towards the West Ger-proposals on its own vehicles would man position – a line expected to be not become clear until ministers had also reached agreement on the still-unresolved question of a vehi-cle testing cycle to which the stan-dards would be applied. The ministers agreed in March that European standards should have the same impact on the environment as standards applied in the U.S., but a precise method of translating U.S. standards into a European equivalent has yet to be agreed. Mr Waldegrave made clear yes-terday that the UK considered that

there was little room for further month.

taken also by France and Italy. If the June 24 meeting ends in deadlock, the Community could find itself plunged into a major row as early as July 1. That is the date when West Germany would press ahead unilaterally with a tax incentive scheme for cars fitted with catalysts - a move which would almost certainly spark off retaliation by France at least.
For that reason, the issue could

well wind up on the agenda of the

EEC summit at the end of this

Foxhunter radar for the ADV Tornado and the Blue Vixen radar for the updated Sea Harrier.

Satellite TV Ferranti pic has confirmed that an 18% shareholding has been taken in Britsat, a company which is bidding to provide a Direct Broadcast Satellite (DBS) to a con-sortium of broadcasting interests including the BBC and the ITV companies, DBS is the method whereby

television programmes are broadcast via satellite and received direct in the home using a small rooftop dish aerial. Successful develop-ment of this system could create business opportunities in areas of interest to

Briefly . . .

Production of the Ferranti Type 125 floated rate integrating gyro, manufactured by Ferranti Defence Systems, Edinburgh, has passed the 10,000 mark.

Ferranti Offshore Systems, Aberdeen reports a 100% increase on satellite communications business during the past twelve months.

ADVERTISEMENT:

# TELECOMMUNICATIONS **OMNI** connects police

Hertfordshire Police has become the first big customer for a Ferranti GTE OMINI S1 digital exchange.

The £700.000 package is for 17 PABXs to equip the whole county police network and includes handsets and key emetants. The OMINI is narinclides nandsets and key systems. The OMNI is par-ticularly suitable for integrat-ing voice and data and provides a single-system solu-tion to the complex challenge of countrywide line .communications. The system replaces electro-mechanical equipment and is designed to allow rapid and flexible communication be-

Stream voice and data links will utilise the OMNI's power-ful networking capability while a centralised VDU-based programming console allows remote reprogramming of any of the individual exchanges. Hertfordshire Constabulary originally announced its intention of ordering a new exchange system in the TFC. exchange system in the EEG
Journal and had contacted
companies on the Home
Office's list of approved
suppliers. The need for
PABXs with proven software
and a high level of reflabilities PADAS WITH PROVEN BOTTWARE and a high level of reliability was stressed. According to the Herts Police. Ferranti GTE was awarded the contract against companion from pine against competition from nine other companies.

# NEWSPAPERS

tween both computer terminals and telephone

terminals and telephone extensions. Interstation Mega-

# Express composing

The contract to supply the Express Newspapers Group with computerised composing systems has gone to Ferrauti Three systems, worth more than film are going into the composing rooms in London and Manchester.

one system is to be installed at Great Ancoats Street in Manchester for use on the Daily Star, the Daily Express and the Sunday Express. Two more are destined for Fleet Street, one for the Daily

Express and Sunday Express and the other for the Standard. Each of the three systems uses twin computers which automatically switch over in the event of a breakdown. The Manchester installation will have 34 terminals and the London installation. the London installations will have 26 each. Each terminal can use 90 key Linecaster style keyboards to ease the transition from hot metal



Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as men the Board of Directors, F. Barker, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P., Palmer, London, Printer: Frankfurt/ Eds.-Oruckeren GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd. 18

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# SECTION II - COMPANIES AND MARKETS

# **FINANCIAL TIMES**

Wednesday June 12 1985



**Tel. 0604 51464** mber of Wilson (Connolly) Holdings PLC

# Takeover bid for Warner Amex lifted to \$850m

BY PAUL TAYLOR IN NEW YORK

offer from American Television and Communications (ATC), the Time American Express stake at the im-Inc subsidiary, and Tele Communications for its Warner Amex lossture with Warner Communications. Under the terms of the new offer, agreed to sell off the joint venture's programming interests, which into finance more than half the
clude a 19 per cent stake in Showtime/The Movie Channel, a preWarner Amex assets. mium pay-television channel and a

\$330m in proceeds, according to ceeds to American Express and Wall Street estimates. American Warner Communications, would ai-Express said that, if the deal was so resolve possible anti-trust concompleted, it and Warner Commu-flicts with Time's Home Box Office nications would share in the profits pay-television channel. from the sales of Warner Amer's

Communications, the nation's two year it reported a net loss of \$25m largest cable television operators, on revenues of \$573m was subject to Warner Communications is the nations also agreeing to sell its 50 per tion's largest cable system operator cent stake in the joint venture, with about 3.8m subscribers while whose non-programming assets in- ATC has around 25m subscribers clude 119 cable systems in 25 states If the Warner Amex deal is comwith about 1.2m subscribers.

Warner Communications, which the U.S. cable industry.

AMERICAN EXPRESS, the U.S. fi-nancial services group, yesterday accepted a swestened \$850m cash month, had the right either to accept the offer, or to buy out the proved cash price.

Under the terms of the deal ACT making cable television joint ven- and Tele-Communications will also assume Warner Amex's debts, which total about \$500m. In an SEC American Express said ATC and filing earlier this month Tele-Communications had also munications confirmed that the new joint-venture partners planned

The sale of Warner Amex's 19 per two-thirds interest in MTV Net- cent stake in Showtime/The Movie works, a non-stop rock video channel.

Such sales could generate around by providing some additional pro-

Warner Amex, under the leaderprogramming interest above a certain unspecified level.

American Express said the definitive agreement with ATC and Telecosts and reduce its losses. Last

pleted, the two companies together The financial services group said would control about 20 per cent of

# Leucadia bid to lift stake in Intergroup

erate whose diversification out of the U.S. steel business has attracted the attention of corporate predaturs, is facing a fresh challenge from Leucadia National Corporation, its leading critic.

Leucadia, a New York-based conumer finance and insurance group, said yesterday that it was seeking federal regulatory approval to increase its stake in National Intergroup from 9 per cent to 24 per cent. National Intergroup shares, which have recently been trading close to their 12-month low of \$23%, rose \$% to 25% in early trading yesterday

volved in a running battle with Leu-cadia, one of the more secretive corporate raiders on Wall Street, for several months. Leucadia has mounted two unsuccessful proxy attles against National Intergroup

which is trying to restructure itself.
In 1981, National Intergroup,
which used to be known as National Steel, sold its Weirton steel division to employees, and it has slimmed down its remaining steel facilities and sold 50 per cent of its National Steel subsidiary to Japan's Nippon

# Swedish bank's operating profit slips 11%

By David Brown in Stockholm

SVENSKA HANDELSBANKEN

unless eased later this year, could in the country. These laws penalise cut as much as SKr 500 from its annual result. The bank's operating protective turns for their banks, results were SKr 1.77bn in 1984.

1.2bn on its reserves to cover op-erating losses and losses carried cannot be entirely offset by higher totalled forward from the previous year.

NATIONAL Intergroup, a conglom-

morning.
National Intergroup has been in-

one of Sweden's three largest commercial banks, reports an 11 per cent decline in operating profits for the first four months ending April to SKr 510m (\$57.3m). The bank warns that the recent

tightening of monetary and credit

portfolio of fixed-term public-sector month's increase in the official discount rate by two points and the penalty rates by 2.5 points, part of

# BRONFMAN FAMILY'S SHARE SHUFFLING LEAVES ANALYSTS PUZZLED

# Seagram shake-up stirs bid speculation

BY BERNARD SIMON IN TORONTO

his brothers began their thriving bootleg bitter business on the Canagram drinks empire.

Rumours swirling around the world's biggest wine and spirits pro-ducer have intensified lately as analysts, investors and the business community in general speculate on the motives behind a series of complex manocuvres by Mr Sam Bronf-just over 900,000 of her sh man's four children, holders be-tween them of 40 per cent of Sea-ing a three month period.

The company's first-quarter re-sults, published earlier this week, are likely to provoke further questions, especially on Seagram's vul-nerability to a takeover bid and the ajor acquisitions that some analysts believe the company is plan-

ning.
Earnings plunged by 72 per cent to U.S.\$24.4m in the three months to April 30. While the drop was due largely to sharply lower profits at E. I. Du Pont in which Seagram has a 22.4 per cent stake, Seagram's own earnings from wine and spirits also declined by 6.2 per cent. The company's share price has slipped by 9 per cent in Toronto over the past three

The Bronfmans began to reshuffle their interests almost a year ago by transferring control of Seagram from their family holding company Cemp Investments to individual

EVER SINCE Sam Broniman and trusts. Besides its Seagram connection, Cemp - an acronym derived from the names of Mr Sam Bronfdian prairies during Prohibition in the U.S., an air of mystery has hung over the Bronfman-controlled Seaer Cadillac Fairview and interests in two mining and energy groups,

The reason for the shift in control of Seagram became more apparent last April when Minda Bronfman (now Baroness de Gunzburg) sold just over 900,000 of her shares, the maximum allowed for insiders dur-

Shortly before the disposal, Sea gram announced a controversial (and ultimately abortive) plan ap-parently designed to ensure that control would not slip from the two Bronfman brothers Edgar and Charles, chairman and deputy chairman respectively.

Under the plan, Seagram pro-posed to create a new class of "high each share carrying 10 votes. Holders of existing common shares would be discouraged from converting to the new stock by the offer of a dividend 15 cents higher than the payment on the new shares.

Coinciding as it did with Baroness de Gunzburg's decision to reduce her interest in the company to 5.7 per cent, the share restructuring proposal fuelled speculation of either a rift in the Bronfman family or a fear among the Bronfmans that



Mr Edgar Bronfman

Baroness de Gunzburg's shares was done "presumably for liquidity reasons," adding that the four Bronfmans "have the finest relationship among themselves."

Although Baroness de Gunzburg did not attend Seagram's recent an-nual meeting, her husband Alain and her sister Phyllis did. Baron de Gunzburg is a Seegram vice-president and chairman of G. H. Mumm

and Co, the French champagne pro-

lookout for a stake in a large nondurable consumer goods producer, to lower its dependence on liquor. Furthermore Sengram may have to issue up to 7m common shares over the next few years, equal to almost 8 per cent of the total outstanding, to redeem warrants and convertible

Despite these explanations, some questions still remain. The Bronfman brothers refused to exercise a right to buy their sister's shares. er Olympia and York. Why should they turn down an op-portunity to maintain the family's are apparently concerned about los-

Fairview announced a proposal to shares plus 1 of a new series of preferred share. The preferred share dividend.

Strong opposition to the plan raised the prospect of a lively annual meeting. But as one Toronto and

ing investors who shun the volatili- he

ty of the common share market. A nilar plan was devised in 1978. Mr Vineberg insists that the Mr Leo Kolber, Cadillar's chairman share restructuring proposal was a and one of the Bronfmans' closest long-term strategy rather than a advisers, says that "we treated our

short-term defence.

Seagram may want to issue paper to fund an acquisition. Some analysts believe the company is on the way of allowing some of the Bronfmans to increase their cash flows via Cemp without threatening the family's controlling interest in Cadillac Fairview.

Charles Bronfman and Mr Kolber have ensured that Cadillac stays in friendly hands by buying around an extra 10 per cent of its shares earlier this year on the beels of the purchase of a substantial minority interest by the Reichmann

The Bronfmans' intentions may become clearer if Seagram finds anshareholding at a time when they other way to entrench the family's imminent takeover.

Mr Robert Vineberg, the family's Montreal-based lawyer, denies both suppositions. He says that the sale of Baroness de Gundant the sale of an outcry among investment analysts and indications that some exchange every 4 common shares large non-Bronfman shareholders for the same number of common planned to take the high voting planned to take the high voting shares rather than the increased

> Cadillac Fairview shrugs off the lyst observed, the Bronfmans don't reorganisation as a way of attract- want their laundry washed in pub-

# Austrian motor group suffers more losses

BY PATRICK BLUM IN VIENNA

heavy capital injections by the Gov- risen by more than 10 per cent per ernment to finance a sweeping re-worker in that period with total structuring programme agreed by costs up about Sch 300m to Sch its board at the end of May. For its 4.9hn last year. part the Government has yet to Falling sales and escalating costs agree how much subsidy it is will-forced the company to draw Sch ing to provide and what these 1.2hn on its reserves to cover op-

STEYR-Daimler-Puch, Austria's Sch 295m (\$13.57m) compared with

STEYR-Daimler-Puch. Austria's Sch 289m (\$13.51m) compared with troubled motor and engineering Sch 289m in 1983. Sales continued group, recorded increased losses to decline falling to Sch 14.65m from last year but hopes to return to profitability by 1987, according to Mr Michael Malzacher, the company has already undertaken some restructuring and reduced its workforce from 15,515 employees that its financial position will improve after last year, but personnel costs have heavy capital injections by the Government.

# Citicorp hits out at U.S. court ruling

By Our New York Staff

CITICORP, the biggest U.S. banking group, said that it was "deeply disappointed" by the Supreme Court decision which emphasised the need for revision of the decpolicy by the Swedish central bank, ades-old laws that govern banking said Citicorp.

"The decision highlights the fact banks, Handelsbanken has a large that banking, by banks, is the only portfolio of fixed-term public-sector business in the U.S. where markets gard to the customers' well-being. Even the proponents of Balkanised banking admit they are basically only interested in protecting them-selves from competition," said Citicorp in a prepared statement.

# Aegon disposes of Washington bank holding

BY LAURA RAUN IN AMSTERDAM

Washington for \$57.3m, or \$6.8m subsidiary. less than the stake's value at the end of last year.

through the exercise of option plans to take over the remaining 19 concerns and insurance companies,

AEGON, the second largest Dutch rights. Aegon's interest in International Bank is held through Life Insurance company, has sold its tional Bank is held through Life Insurance company by 1968. The price will casualty insurance activities outstake in International Bank of vestors of Iowa, a majority-owned amount to about \$100m under a forweighed profits in the life insurance. Meanwhile, Aegon is lifting its

stake in Life Investors to about 81 A large shareholder and chair-man of the bank, Mr George J. a tender offer valued at around Obmsted, is acquiring Aegon's stake \$9.79m. The Hague-based insurer

initially acquired its majority stake in Life Investors.

The lowa insurer acquired its interest in International Bank, which is a holding company for industrial

mula agreed in 1981 when Aegon ance businesses and the industrial concerns.

> Aegon is seeking a listing on the U.S. over-the-counter market accompanied by a 1m share offering in a bid to further broaden interna-

# EIB doubles capital as lending rises

BY PAUL CHEESERIGHT IN LUXEMBOURG

institution of the EEC, is to be ing the allowable maximum for doubled to Ecu 28.8bn (\$20.9bn). credits outstanding to Ecu 72bn The increase will be subscribed by

the EEC's member states. EEC finance ministers, who make up the EIB's board of governors, took the decision yesterday against the background of a steady increase in the bank's activities. Lending in the first half of this year was running 19 per cent higher than in the 1984 first half. The increase in the capital will

at present total Ecu 30.2bn. This push towards the loans ceiling - 2.5 times the capital - has coincided with the need to mark Spanish and Portuguese accession to the community by providing for their automatic membership of the

EIB. will be 7.031 per cent and that of scribe. Of the Ecu 14.4 per cent in-

THE capital of the European Investment Bank, the major financial larging the EIB's scope to lend, raisof of other EEC countries has been addressed in the EIB's scope to lend, raisof of the EEC countries has been addressed in the EIB's scope to lend, raisof of t justed downwards to take this into account, with the exception of Italy, where it has been raised at the refrom Ecu 36bn. Loans outstanding quest of the Rome Government. Germany, France, Italy and the UK will each hold 19.127 per cent of the capital, under which other capi-

tal shares are staggered down to Luxembourg's 0.134 per cent. In line with past practice, the mains the single most important iB.

In line with past practice, the mains the single most important component of the borrowing, the portion of the capital they sub-

crease, Ecu 2.6bn will be paid over April 1986.

Total EIB lending this year up to June 11 has reached Ecu 2.7bn, of which the lion's share has gone, as in the past, to Italy. Borrowing on the markets is up to Ecu 2.5bn so far this year, against Ecu 1.9bn over the same period in 1984.

Although dollar borrowing re-

nt appears as a matter of record only. The Notes are not being registered for offer or sale in the United States. Offers and sales of

Sears, Roebuck and Co. Sears Roebuck Acceptance Corp.

U.S.\$500,000,000

Revolving Underwriting Facility Continuous Tender Panel

Lead Managers

Banca Commerciale Italiana

Banco di Roma **Banque Paribas** 

DG BANK Deutsche Genossenschaftsbank Girozentrale und Bank der österreichischen

Banca Nazionale del Lavoro Chicago Branch Banque Nationale de Paris Crédit Commercial de France

Dresdner Bank AG, Chicago Branch Westpac Banking Corporation

Banco di Napoli - New York Branch

Banque Internationale à Luxembourg

Kansallis-Osake-Pankki

Managers

Banca Nazionale dell'Agricoltura

Banco di Sicilia - New York Branch

CIC-Union Européenne International et Cie.

Banca Popolare di Milano New York Branch Bank of China, New York Branch

Banque Générale du Luxembourg S.A. Malayan Banking Berhad

Banco di Santo Spirito (Luxembourg)

Bank of New Zealand Berliner Handels- und Frankfurter Bank Monte dei Paschi di Siena

Arranger and CTP Manager Dean Witter Capital Markets-International

Co-Managers

May 1985

**BRUF**co

# **EUROBONDS** N. Zealand returns to market

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

ZEALAND vesterday launched its first fixed-rate issue in the Eurodollar bond market since 1976, in the form of a two-tranche deal totalling \$350m.

Partly because of the rarity of the

name, the deal was relatively well

received in an otherwise rather sluggish market. Though secondary market prices picked up slightly from Monday's lows, other recent issues continued generally to trail outside their total fees. Led by Credit Suisse First Boston, alongside Kidder Peabody, Sal- France which is to be swapped into

10% per cept coupon and the second 10½ per cent Elsewhere, general investor uncertainty over the trend of exchange markets and of U.S. bond markets continues to provoke a spate of interest in the high-coupon Antipodean currencies. Both the

Australian and New Zealand dollar sector saw new issues yesterday. CSR, the Australian energy, resources and mining conglomerate, is raising A\$40m through a fiveyear 13% per cent issue priced at 100% per cent by Hambros Bank. Co-lead managers are S.G. Warburg and Kredietbank.

Previous 102,793 June 11 High 102,960

British Petroleum is raising NZ\$50m through a three-year 16 per cent issue priced at par by lead managers CSFB. In the Ecu sector, Union Bank of

omon Brothers and S.G. Warburg, floating-rate dollars. The 10-year, 9 the New Zealand issue comprises a per cent deal is priced at par and conversion premium of 9.9 per cent deal is priced at par and conversion premium of 9.9 per cent deal is priced at par and conversion premium of 9.9 per cent deal is priced at par and conversion premium of 9.9 per cent deal is priced at par and conversion premium of 9.9 per cent, while the SwFr 50m converti-Strom, 10-year granche and a met a good reception despite its low bie placement for Asics, the Japa-\$150m, 15-year portion. Both are coupon. Once again investors were bie placement for Asics, the Japapriced at par, but the first carries a attracted by the rarity of a Norwe nese sportswear concern, has been gian name. The borrower is Nor-awarded a 1% per cent coupon and

> generally trendless, though a fea-ture was the continuing weakness least five years, and Japanese bor-Swiss and German markets were of the DM 500m floating-rate issue rowers will be excluded from the for the Bank of Greece which traded at a discount of more than 80 Full de points, well outside its 70 basis

coupon of 5% per cent and led at par by Crédit Suisse. The EEC launched a Fl 200m, 15-

Norway launched an Ecu 70m issue through Crédit Commercial de way's fourth largest bank and the conversion premium of 2 per cent. umbrella organisation of Norwe. Japan's Ministry of Finance has

Greece's credit rating was not strong enough to guarantee a good scheduled for next Tuesday. reception in this market sector.

New issues included a DM 100m.

7% per cent issue at par for Korea Ex-Im Bank which is led by DG Bank and was also poorly received, while Japan Highway Public Cor-poration is tapping the Swiss mar-ket for SwFr 150m through a fiveyear, private placement bearing a

> year, 7% per cent issue at par through Amro and Algemene Bank In the convertible sector the \$75m issue for Thomson-CSF of France was priced with a 7 per cent coupon

gian savings banks, though it is not state-owned. royen later this month. But the is-

Full details of the ministry's rules are expected to be circulated before point fees. Dealers said that the next round of financial discus-

International hond service,

Page 28

# **Reynolds sets** up finance for Nabisco deal

By Our Financial Staff

R. J. REYNOLDS Industries, the U.S. tobacco group, has lined un \$2.5bn of three-year revolving credits to finance the cash portion of its recently-announced \$4.9bn bid for

Nabisco Brands, the foods group.

The six largest New York banks

are understood to have pledged \$300m each, and five other money centre and regional banks have committed between \$75m and \$250m in separate agree Last week, Reynolds began a tender offer for up to 29m shares or 51 per cent of Nabisco's outstanding

mmon stock for \$85 a share in cash. The offer expires on July 1. Once the bid has received neces sary regulatory approval and initial drawdowns on the credit lines have been made, Reynolds plans to issue commercial paper and long-term

Bank, Citibank, Morgan Guaranty Trust and Manufacturers Hanove In addition, Bank of America has pledged \$250m, Mellon Bank \$200m, NCNB National Bank of North Carolina \$100m and First Union National Bank of North

Carolina and Wachovia Bank und

The six New York banks to com-

mit \$300m are Bankers Trust

Chase Manhattan Bank, Chemical



the milk





FT INTERNATIONAL BOND SERVICE

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NII

be completed in the next two years

at the new town of Cergy-Pontoise

in the outskirts of Paris. Bouygues

announced two weeks ago the con-

struction of a new FFr 500m head-

quarters complex near Versailles.

M de Buffevent said Spie's net
earnings last year totalled FFr
135m compared with FFr 132m the

vear before. Sales rose to FFr

15.2bn last year from FFr 14bn in

1983. M de Buffevent said he ex-

pected sales to rise to FFr 18.4hm

However, in view of the general

uncertainties of the economic situa-

tion and Spie's international mar-

kets, the company has decided not to increase its dividend payout this

Senior Spie officials also suggest-

ed that the French group expected to finalise at last the financing for

its 50 per cent share of the 150,000

barrels a day refinery venture with

Japanese companies at Port Har-court in Nigeria. The officials claimed that the financing could be

finalised by the end of this month

or in July for the \$500m Nigerian

Danish brewer

lower earnings

By Hilary Barnes in Copenhagen

UNITED BREWERIES, producers

of Carlsberg and Tuborg, forecasts reduced earnings in 1984-65 as a re-

sult of several negative factors, in-cluding an increase in Denmark's

corporate income tax rate from 40

The group's Copenhagen breweries have been brought to a halt for the past five weeks by an unofficial

strike of 3,500 workers who say the

dispute is over a new five-year pro-

ductivity and manning agreement.

Both sales and earnings in the half year to March 31 increased by

about 5 per cent, said the state-ment, and a similar trend is expect-

Recent acquisitions abroad, eith-

er completed or underway, and the

adaptation of their accounts to the

United Breweries fiscal year and

accounting principles will also tend

to weaken earnings in the current

quisitions are expected to result in

ed in the remainder of the year.

forecasts

this year.

BY PAUL BETTS IN PARIS

struction and civil engineering subsidiary of Empain-Schneider, the French private group, is showing oil group, has at present had to play growing interest in co-operating a leading role in the salvage of with Technip, France's leading process and industrial engineering company currently struggling under the burden of heavy losses.

vent, the chairman of Spie Batig-nolles, indicated yesterday that his group was not considering acquir-

of co-operation with Technip." He added, however, that Spie had Technip if it did not have any control in the company. That would not interest us, said M de Buffe-

neering competitor of Spie Batignolles obtained last week FFr 2bn unveiled a major project to build a (\$212m) in fresh funds to clean up new corporate headquarters outside the troubled group's balance sheet Paris. M de Buffevent said yesterand help its financial recovery. day that the group had decided to French banks involved in the Technip rescue have also been keen to volving about 3,500 people currently

following key figures:

(FF millions)
Consolidated net income

before exceptional items

before exceptional items

Consolidated sales

(FF millions) Earnings per share

SPIE BATIGNOLLES, the con- the troubled project engineering Paris in a new FFr 650m complex to

Elf Aquitaine, the state controlled Technip. But Elf has made it clear that it does not want to be drawn too deeply into the Technip rescue and does not want to end up owning Although M Georges de Buffe a controlling stake in the alling project engineering group.

An eventual link-up between Spie and Technip would represent, if it ing a minority stake in Technip at took place, a further strengthening this stage, he said Spie Batignolles of Spie's presence in the process was "interested to discuss methods and energy engineering business. It would also coincide with a diversifi-He added, however, that Spie had cation in the oil service sector by no intention of acquiring a stake in Bouygues, the leading French private construction group.

Bouygues has recently taken over the offshore oil service operations of Amreo, the French group which went bankrupt last year. Like Bouygues, Spie has also just

find a new industrial partner for scattered in offices throughout refinery project.

+53.8%

# Goldsmith set for more battles with Crown Zellerbach

SIR JAMES Goldsmith, the Anglo- had been a substantial change in French financier, yesterday said that he had achieved "an important goal" in getting a seat on the board of Crown Zellerbach, but Wall Street analysts say that he faces an uphill struggle in his five-month-old battle to influence the future of the 115-year-old U.S. West Coast forest

products group. Sir James, who controls a 26 per cent stake in Crown Zellerbach, issued a brief statement yesterday following the news of the final count of the shareholder votes which showed that he had picked up less support than might have been expected in his proxy battle

against Crown Zellerba A total of 18.9m, or slightly over two thirds, of Crown Zellerbach's 27.3 shares were voted during the proxy battle. Crown says that 77 per ent of the shares were voted for the management slate of nominees but noted that Sir James had sufficient votes to elect himself to the board. As part of a peace plan announced on May 26, the company had already elected Sir James to the board.

Crown Zellerbach also noted that Sir James's shareholder resolutions to redeem the "poison pill" share purchase rights and his "offer conbeing voted against Sir James.

the ownership of Crown shares between the record date for the meeting and the date on which the meeting was held. "Accordingly a large number of shareholders were effec tively disenfranchised," he said. He did not consider the vote on the poison pill as significant because Crown had indicated that it intended to withdraw it ahead of the

On the basis of the shareholder vote it appears that shareholders representing 2.9m shares voted against Crown Zellerbach manage ment in addition to Sir James's

Sir James is expected to attend his first meeting of the Crown Zel-lerbach board in San Francisco tomorrow when he has promised to work together with Crown's board "to maximise shareholder value through restructuring Crown. Wall Street analysts argue that

he will have a difficult task changing the mind of a board which until now has been hostile to his views. Mr Gary Palmero, an analyst with Oppenheimer, said yesterday that it was "very difficult to say" how well Sir James was doing. He said that he believed Sir

James would have jumped at the sideration" proposal were soundly chance of getting \$50 a share under defeated at the meeting, with the abortive bid from Mead Corporaround three quarters of the shares ation and now faced a long and time-consuming battle to increase Sir James played down the scale the value of his stake. The average of his defeat yesterday and said cost of Sir James's shares is bethat he had been able to vote only lieved to be between \$35 and \$38 a

# Holderbank considers major U.S. expansion

HOLDERBANK, the Swiss-based nternational cement group, is considering a major acquisition in the U.S., according to Dr Erwin Maech-ler, managing director. This could involve the expenditure of between \$100m and \$150m.

The group already has a direct stake in Dundee Cement in Michigan and its South Carolina affiliate. Santee Portland Cement

Holderbank also has a controlling interest in the Montreal company, St Lawrence Cement, which last June spent U.S.\$30m on a New York a positive contributions to earnings. | state cement works and four plants

formerly owned by Lone Star Industries.

Last year, total sales of the Holderbank group rose by 15.3 per cent to SwFr 3.16bn (\$1.2bn). Parent company Holderbank Fi-nancière Glaris, whose net profits

showed a rise of 4.4 per cent to SwFr 35.8m, plans an unchanged dividend of SwFr 16 a share.

Earlier this month the company nnounced plans for a rights issue to raise some SwFr 60m, as well as the issue of registered shares with a nominal value of SwFr 30m with-

# VCR sales in U.S. set to grow strongly

By Andrew Baxter in London THE U.S. market for video cassette recorders is likely to grow substantially in the next few years, said Mr Alan Wurtzel, chairman of Circuit City Stores, a leading U.S. consum er electronics retailer, in London

yesterday. VCRs have been less successful in the U.S. than in the UK in terms of market penetration, but even so some industry observers have fore-cast a slowdown in demand. But Mr Wurtzel said fewer than one in five of U.S. families possessed a VCR. Industry projections were for sales of 8.5m to 9m units this year, against 7.6m last year and 4m in 1983, he said.

Mr Wurtzel said deregulation in the telecommunications industry had boosted demand for telephone as customers had realised the ad-vantage of being able to buy a tele phone rather than paying a month-ly charge to the telephone compa-

ny. Mr Wurtzel said demand for co lour televisions, often considered a mature market, was rising, due mainly to the new uses to which TVs were being put as display screens for VCRs and home computers, and because of technological advances such as stereo TV

Circuit City, formerly known as Wards, is the largest U.S. speciality retailer of brand name consumer electronics. In its last fiscal year ended February 28 it reported net profits of \$20.2m on sales of \$519.2m, up from \$12m and \$356.7m

The company is undergoing a big expansion programme, based large-ly on 30,000 to 40,000 sq ft superstores in California. It expects sales of about \$700m this year.

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Swed Exp Cred 12\* 89 NV
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Victorian Ring 11\* 92
Walt Disney Pro 12\* 87
Wegyarhaeuser 12\* 87
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following are closing prices for June 11.

STRANGUTS
Amex Credit 10% 90
Amex Credit 12% 88
Bank of Tokyo 13% 91

Sank or Toxico 13% 91 SP Capital 11% 92 Casse Nat Tele 13% 91 Carsada 11% 90 Carsada 11% 90 Carsada 11% 92 CBS Inc 11% 92

CBS inc 11<sup>-8</sup> 82
Chevron LLSA 12<sup>14</sup> 89
Coca Cola 11<sup>24</sup> 91
Denmark Kingdom 11<sup>18</sup> 90
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Export Dev Corp 12 89
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Macy Cred Corp 17th 95 Melton Bunk 13 87 Merrill Lynch 12th 89

Manuscota 11<sup>12</sup> 87
Missu Trast 11<sup>12</sup> 97
Missu Trast 11<sup>12</sup> 93
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Penney J.C. 12<sup>14</sup> 91
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Avon Cap Corp 5\*9 94
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The list shows the 200 latest international bond issues for which an adequate secondary market exists. The Change on day week Yes + 6's + 8's 7.08 + 8's 7.08 + 8's - 8's 7.08 + 8's - 8's 7.08 + 8's - 8's 866 CONT 98% 98% 168% 188% 95% 95% 95% 95% Austria Republic 7 85 BP Cherzen 7 92 Fed Natl Mort 61 92 Finland Republic 61 90 World Bank 69 90 CAMER STRAIGHTS
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Talyo Yuden 3\*4 2000
Talvada Rilken 3\*6 2000
Tokyo Sanyo Bec 3\*2, 99
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ACCOR

ACCOR 1984: An Outward-Looking Strategy
The Annual Meeting of Stockholders held May 28, 1985
approved the financial statements for the year ended
December 31, 1984.

Good growth was achieved in 1984 as evidenced by the

15.95

A net dividend of FF 4.90 per share (plus FF 2.45 tax credit)

will be paid on each share on or after August 5, 1985. This represents a per share increase of 16.7% over the dividend paid out of 1983 income; it will be paid on all shares out-

standing, including the 27.5% share capital increase which

that the Group met or exceeded most of the year's targets and that the outlook for 1985 was very promising.

During the meeting of the Board of Directors held immediately after the close of the Annual Meeting, it was decided to issue

350 million of bonds with warrants.

Co-Presidents, Paul Dubrule and Gérard Pélisson, said

# U.S. \$75,000,000

**Southeast Banking Corporation** (Incorporated in Florida, U.S.A.)

Floating Rate Subordinated Notes Due 1996

For the six months 12th June, 1985 to 12th December, 1985 the Notes will carry an interest rate of 8% per cent, per annum.
Interest due on 12th December, 1985 will amount to US \$413.02 per US \$10,000 Note.

Morgan Guaranty Trust Company of New York

Guaranteed Floating Rate Notes due 1999

U.S. \$150,000,000

**Tokai Asia Limited** 



Unconditionally guaranteed by

# The Tokai Bank, Limited

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 12th June, 1985 to 12th December, 1985 the Notes will carry an Interest Rate of 8% is per annum. The interest amount payable on the relevant Interest Payment Date which will be 12th December, 1985 is U.S. \$413.02 for each Note of

Credit Suisse First Boston Limited Agent Bank



### **CREDIT CHIMIQUE**

U.S.\$50,000,000 Floating Rate Notes Due June 1988/1990 For the six months

11th June 1985 to 11th December 1985 the Notes will carry an interest rate of 81/16% per annum with a coupon amount of US\$204.92 per US\$5,000 note, payable on 11th December 1985. Listed on the Luxembourg Stock Exchange. Bankers Trust Company, London Fiscal Agent

# Bank of Tokyo (Curação) Holding N.V.

US \$100,000,000



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

### The Bank of Tokyo, Ltd. (Kalenshaki Kalaha Tukyu Cimko)

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curaçao) Holding N.Y., The Bank of Tokyo, Ltd., and Citibank. N.A., dated December 8, 1981, notice is hereby given that the Rate of interest has been fixed at 8½ % p.a. and that the interest marship on the relations interest parable on the relations interest marship on the relations interest marship on the relations interest marship on the second control of the control of the relationship of the control of the contro interest payable on the relevant Interest Payment Date, December 12, 1985, against Coupon No. 8 will be US\$206.51.

June 12, 1985, London By. Citibank, N.A. (CSSI Dept.), Agent Bank



# **Bankers Trust**

US\$300,000,000

Floating Rate Subordinated Notes Due 2000

11th June, 1985 to 11th September, 1985
the Notes will carry an interest rate of 711/16 per cent
per annum and interest payable on the relevant
interest payment date 11th September, 1985 will be
US\$196.46 per US\$10,000 Note and US\$4911.46
per US\$250,000 Note.

**BANKERS TRUST COMPANY** 

### **PNC Financial Corp** U.S. \$100,000,000

Floating Rate Subordinated Notes Due 1997

In accordance with the terms and conditions of the Notes. the rate of interest for the interest period 12th June, 1985 to 12th September, 1985 has been fixed at 7% per annum. Interest payable on 12th September, 1985 will be U.S.\$201.25 per U.S.\$10.000 Note.

> Morgan Guaranty Trust Company of New York London Branch

# REPORT 1984

up to a total of BF 10 billion, as

and when required and as per-

mitted by the state of the mar-

At the Annual General Meeting held on 7 May the shareholders approved the accounts for the year to 31 December 1984. They also approved the payment of a not dividend of BF 96 per 'part de reserve', as against BF 90 for the year to 31 December 1983, and BF 107.5 on the AFV 'parts de réserve' created at the time of the capital increase in November 1983.

SOCIETE GENERALE DE BELGIQUE

The improvement in the Com-pany's results is due to a marked rise in dividend income (+25.9%) coupled with a major reduction in interest and commissions payable.

Following the new public offer of 'parts de réserve' made in 1984 Société Génerale's own funds amounted to nearly BF 40 billion as at 31 December 1984. The two capital increases which have taken place in the last two years have boosted the company's own funds by BF 12.969 billion. At the end of the 1984 financial year the company's investment holdings were estimated at BF 57.3 billion.

The subsequent Extraordinary General Meeting ratified the

proposal to amend the Company's articles. As a result, the Board is authorized to effect one or more capital increases,

ket. Finally, the meeting also passed the proposal to set up an Advisory Board with effect from 6 May 1986. This Advisory Board will comprise a maximum of 18 members chosen from shareholders' representatives and leading figures in Belgian and foreign economic circles.

The Company's Annual report can be obtained from Société Générale de Belgique, Information Department, Rue Royale 30, B-1000 Brussels or from Banque Belge Ltd., 4 Bishopegate, London EC2N 4AD (tel. 1/2831080),

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Address	
Post Co	de, City

# LINCOLN SAVINGS AND LOAN ASSOCIATION

U.S.\$100,000,000 **Collateralized Floating Rate** Notes due 1999 For the six months 12th June 1985 - 12th December 1985 the weating H.

Colling of the State of the Sta

notes will carry an interest rate of 81/8% per annum with an interest amount of U.S.S2.065.10 per U.S.S50,000 nominal. The relevant interest payment date will be 12th December 1985 Listed on the Luxembourg Stock Exchange

Bankers Trust Company Agent Bank

### **EBCO FINANCE B.V.** U.S. \$15,000,000 .Guaranteed Floating Rate Notes 1988

(Conditionally Extendible at the Noteholder's Option to 1991) Guaranteed on a subordinated basis as to payment of principal, premium (if any) and interest by

**European Banking Company Limited** Notice is hereby given pursuant to the Terms and Conditions of the Notes that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from 12th June, 1985 to 12th December, 1985 is 81.% per annum. The Coupon Amount to which the holders of Coupon No. 8 will be entitled on duly presenting the same for payment on 12th December, 1985 will be US\$419.38. subject to appropriate alternative arrangements being made with the consent of the Trustee by way of adjustment, without notice, in the event of an extension or shortening of the above-mentioned Interest Period.

Bankers Trust Company, London Agent Bank



**New York Corporation** 

For the three months

# INTL. COMPANIES & FINANCE

# Hong Kong plans to inject HK\$2.5bn into MTRC

BY DAVID DODWELL IN HONG KONG

THE Hong Kong Government loans amounting to HK\$19.5bn. THE Hong Kong Government yesterday announced plans to inject HK\$2.5bn (U.S.\$321m) in equity into the financially-extended Mass Transit Railway Corporation (MTRC), with a possible commitment to provide a further HK\$2.5bn after 1989.

The proposals were given the The proposals were given the the opening of a HK\$11bn line to inject the coening of a HK\$11bn line the opening of a HK\$11bn line the o

HK\$2.5bn "will depend on future interest rates and the MTRC's actual revenue receipts," the Government said yesterday. In any case, it will not be disbursed before 1989.

The Government is the only shareholder in the MTRC, having provided capital of HK\$5bn since the corporation was set up in 1975. The MTRC has in addition raised export credit finance and commercial soon be technically bankrupt. Interest and finance costs, which are charged to the profit and loss account, amounted to receives on subsidies. It nevertheless that by 1990 it will be generating enough has been clear for several revenue to meet current operators.

ICI Australia

shows decline

at six months

MELBOURNE - ICI Australia

reports a decline in net earnings to A\$19.7m (U.S.\$13m) for

competition, ICI said.

ICI noted first half comparisons were distorted by the

abnormally high investment allowance of A\$19.4m in the first half of 1983-84 against A\$783,000 in the lates period.

ICI Australia is owned 62.4

per cent by Imperial Chemical Industries of the UK.

seven cents.

Transit System, where given the go-ahead by the territory's Executive Council yesterday, and will have to be approved by the Finance Committee in two weeks' time. If passed, the MTRC will get an equity injection of HK\$1-5bn this year, with a further HK\$1bn coming by 1988.

Transit System, where extended only last Friday with of extended only last Friday with of along Hong Kong island's prothern coast, is understood to be the most heavily used in the world. About 1.2m passengers use the system every day—about 46,000 per kilometre of track, compared with 40,000 in Tokyo and 4,000 in London.

M- Wilfrid Newton, chairman

Mr Wilfrid Newton, chairman of the MTRC, warned recently that high loan interest rate charges were depleting share-holders'funds at an accelerating rate, and that the group could soon be technically bankrupt. soon be technically bankrupt.
Interest and finance costs, which are charged to the profit and loss account, amounted to HK\$863m in 1984 — 10 per theless claims that by 1990 it

seeking a fresh injection of funds from the Government, The Government said yester

day the refinancing was "reaffirmation" of its commitment to support the MTCR. It also said the injection would not affect its budget, in part because of the staggered way in which cash will be disbursed, and in part because of an "unexpected flush" of funds from govern-ment land sales, estimated at about HK\$1.6bn.

Passenger revenues have fallen short of expected levels because buses have been able to offer improved services to combegan operation, relieving serious congestion. Property development along the new island line has also yielded less than expected, the Government

# General insurance helps NZI lift profits by 44%

BY OUR FINANCIAL STAFF

first half to March from A\$34.43m a year earlier. The interim dividend was held at has reported a 43.8 per cent has reported a 43.8 per cent increase in consolidated net earnings for the year ended March 31, from NZ\$48.9m to NZ\$70.3m (U.S.\$31.5m). Earnings per share, adjusted for last year's capital increase, rose from 17.6 cents to 22.1 cents, while the company puts the return on shareholders' funds at 19 per cent last year. Group The group said it expected some improvements in profits in the second half if demand continued at present levels.

The first half sales rise to A\$753m from A\$717m mainly higher volumes achieved against strong import

at 19 per cent last year. Group revenues for the year rose from NZ\$804m to NZ\$1.05bn. General insurance operating earnings showed a strong improvement from NZ\$30.9m to NZ\$46.8m, with premium income showing real growth for the first time in several years, The life insurance division, by contrast, showed a slight drop in operating earnings

from NZ\$4.2m to NZ\$4.1m. An

Up to U.S. \$80,000,000

**BELL & HOWELL COMPANY** 

12% Notes Due 1992

of which U.S. \$50,000,000 is the Initial Tranche

Issue Price of the Initial Tranche 100%

MERRILL LYNCH CAPITAL MARKETS SWISS BANK CORPORATION INTERNATIONAL LIMITED

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

NZI, the New Zealand financial increased surplus on policy-services and insurance group, holders funds was offset by a drop in investment income and in abnormal items.

Earnings from the company's finance divisions rose to NZ\$14.5m from NZ\$9.5m, though half of this year's figure was accounted for by extraordinary items, notably the disposal to Brierley Investments of a holding in Bunting, the Australian group. Assets of the division rose to over NZ\$1bn, reflecting the acquisition during the year of Armco's business in Australia where NZI now has a merchant banking licence.

The board is proposing once again a bonus issue of one new share for five held, together with a final dividend of 4.75 cepts to make a total distribution for the year of 8.5 cents

CITICORP CAPITAL MARKETS GROUP

# **Overseas Trust Bank** depositors reassured

By Our Hong Kong

DEPOSITORS at Hong Kong's Overseas Trust Bank were given a reassurance yesterday by Mr David Turner, who has been seconded from the Hong-kong and Shanghai Banking Corporation to manage the bank on behalf of the Govern-

He said " Our main priority is to make sure that OTE, and its subsidiary, Hongkong In-dustrial and Commercial Bank, are operating normally and to reassure depositors that their funds are safe."

In Hong Kong's Western magistrates court, Mr Patrick chang Chen-Tsong, a former director of OTB, appeared with Mr George Leow Tshun-Lin, the Singaporean head of OTB's credit card operations, to be charged jointly with conspiring to defraud creditors, depositors and shareholders in OTB.

The two men were charked The two men were charked with dishonestly causing OTB to make excessive or inadequately secured loans to companies or persons associated with Mr Chang or under his control during the past 3½ years. Mr Chang's application for bail of HK\$ 7m was turned down. Both men were redown. Both men were re-manded in custody until July

Hong Kong's stock markets plunged yesterday as stock-brokers used worries follow-ing the OTB collapse as an excuse to lighten their ex-posure in what is expected to be a flat market for the near future,

The market's main indicator, the Hang Seng index, fell by 80 points to end the day at 1,492. This is more than 150 points below a 3}-year high point reached less than a month ago. World stock markets, Page 31

### Timber and trading side hits Volkskas

By Jim Jones in Johannesburg

A DECLINE in non-banking A DECLINE in non-banking led to lower in disclosed after-tax profits of Volkskas, South Africa's fourth largest banking group, in the year to March 1985. Group taxed profit from banking operations calculated after transfer to inner reserves, increased by 12.4 per cent to R 48.6m (\$24.3m) against R 43.33m. However profit from non-banking interests fell by almost three quarters to R 4m compared with P. 15.8m. As a result the group after-tax profit slipped by 10.8 per cent from R 59m to R 52.7m.

Worst affected of the non-

banking interests was Bonus-ker, which is 63 per cent owned by Volkskas and which has interests in timber, manufacturing and trading. Bonusker's after tax less increased to R 6.9m from the previous

year's rands R lm. volkskas's directors are satisfied with group perform-ance and say the increase in banking profits is particularly good given the negative effects of high interest rates, Earnings fell to 172.4 cents a share from 193.8 cents and an unchanged total dividend of 57 cents has been declared.

### ECU, Euroyen, Mortgage-backed Bonds

Twenty-four hour trading, TLFs and NIFs . . . are just some of the areas to be examined by this year's

INTERNATIONAL MONEY & CAPITAL MARKETS CONFERENCE op speakers from major banks together with tax and legal experts will unravel the scribe where they are heading. ondon Marriott Hotel 27th and 28th June For details or confirmed reservations call: Mavis Gold, Oyez LB.C. Tel: 01-236 4080. Telex: \$88870



The United Kingdom, the Continent and the U.S.A. are trading places every day. And Maryland National Bank can make your organization's trading more effective and more profitable. Maryland National is the largest and fastest growing bank in the Port of Baltimore, which is the second largest container port on the U.S. East Coast. We are also only 30 miles from Washington, D.C., giving us easy access to those U.S. government and international agencies which make trade happen.

Maryland National Bank specializes in financing for major U.S. imports and in complex trade negotiations, such as multi-million dollar government supported loans for capital equipment export, and trade-related syndication packages. In addition to our trade finance expertise, we offer just a little bit more.

We'll work to put you in touch with potential buyers. So if you're in one of the trading places shown above, ring up Maryland National Bank and start your trade financing arrangements today.

# MARYLAND NATIONAL BANK

Bastion House, 140 London Wall London EC2Y 5DN England 01-606-1541 TELEX: 8812367

The remaining outstanding interest of

# **Crocker National Corporation**

has been acquired by a wholly owned subsidiary of

# Midland Bank plc

The undersigned assisted in the negotiations and acted as financial advisor to the Special Committee of the Board of Directors of Crocker National Corporation in this transaction.

Kidder, Peabody & Co.



# Korea First Bank

BANQUE PARIBAS CAPITAL MARKETS

ALGEMENE BANK NEDERLAND N.V. BANCA DEL GOTTARDO

BANCA DELLA SVIZZERA ITALIANA

BANK LEU INTERNATIONAL LTD.

FIRST CHICAGO LIMITED

BANQUE POPULAIRE SUISSE, LUXEMBOURG

MORGAN GUARANTY LTD

ORION ROYAL BANK LIMITED

GENERALE DE BANQUE S.A. - GENERALE BANK N.V.

S.G. WARBURG & CO. LTD. WOOD GUNDY INC.

INGEBA INTERNATIONAL COOPERATIVE BANK CO. LTD.

J. HENRY SCHRODER WAGG & CO. LIMITED

SCHWEIZERISCHE HYPOTHEKEN- UND HANDELSBANK, ZURICH

U.S.\$20,000,000 Floating Rate Certificates of Deposit due 1989 (Redeemable at the Certificate Holder's option in 1987) In accordance with the provisions of the above Certificares, notion is hereby given that for the six months from 10th June 1985 to 10th December 1985 the Certificates of Deposit will carry an interest rate of

The interest payable on each U.S.\$500,000 Cerficare on the relevant reservest payment date, 10th December 1985, will be U.S.\$20,492.19.

Agent Bank: Lloyds Bank International



U\$\$40,000,000

Floating Rate Bearer Notes 1990 Holders of Floating Rate Notes of the above issue are hereby notified that for the next interest period from June 12, 1985 to December 12, 1985 the following information is relevant:

 Applicable interestrate: 81/2% per annum 2. Interest payable on next interest

US \$422.55 per US \$10,000.00 nominal or US \$10,563.80 per US \$250,000.00 nominal

Next interest June 10, 1985

December 12, 1985 **BAAsiaLimited** Reference Agent To the Holders of

### KYOWA HAKKO KOGYO CO., LTD. U.S. \$40,000,000

64% Convertible Bonds 1997

NOTICE OF FREE DISTRIBUTION OF SHARES

AND
ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7 (B) of the Trust Deed dated January 31, 1983 under which the above described Bonds were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of 0.1 share for each one share held will be made to shareholders of record as of June 29, 1985 (12.00 Tokyo time)

As a result of such distribution, the Conversion Price at which shares are issuable upon conversion of said Bonds will be adjusted pursuant to Condition 6 (A) of the Bonds from 725. 70 Japanese Yen to 659. 70 Japanese Yen effective as of July 1, 1985 (Tokyo time).

Kyowa Hakko Kogyo Co., Ltd.

Notice to Holders of

# KYOWA HAKKO KOGYO CO., LTD. £15,000,000

61/4 Per Cent. Convertible Bonds Due 1996

The Board of Directors of the Company decided on the 28th May 1985 to effect a free distribution of shares at the allocation ratio of 0.1 shares for every one share held by shareholders on register at 29th June 1985, at 12.00 Tokyo time. As a result of the above the conversion price of the captioned bonds shall be adjusted from the present price of Yen 439 to Yen 399. 10 as from the 1st July 1985 Tokyo time in accordance with conditions 6(A)(1) of the conditions of the

The Industrial Bank of Japan Limited Principal Paying Agent

# MONTEDISON

ECU 125,000,000

Medium Term Credit Facility

Lead Managed by

Banca Nazionale dell'Agricoltura S.p.A. London Branch — Licensed Deposit Taker Bankers Trust International Limited Cassa di Risparmio delle Provincie Lombarde - CARIPLO

Banco di Sicilia (London Branch) Banque Indosuez IMIL (IMI Group)

Co-Lead Managed by

Bayerische Vereinsbank International Société Anonyme

Co-managed by

Banco de Bilbao Group Credit Industriel et Commercial de Paris Kansallis-Osake-Pankki

Compagnie Monegasque de Banque

Banque Transatlantique Credit Suisse Kredietbank International Group

Funds provided by Bankers Trust GmbH

Bankers Trust Company Banque Indosuez Banca Nazionale dell'Agricoltura S.p.A. Cassa di Risparmio delle Provincie Lombarde Banco de Bilbao (Panama) S.A. Credit Industriel et Commercial de Paris

Kansallis-Osake-Pankki Banque Vernes et Commerciale de Paris

Banque Louis-Dreyfus State Bank of New South Wales Credit General, S.A. de Banque

Banque Continentale du Luxembourg S.A.

Bayerische Vereinsbank International

Compagnie Monegasque de Banque Banco di Sicilia IMIL (IMI Group) Banque Transatlantique

Credit Suisse Kredietbank N.V. Arab African International Bank London Branch Generale Bank S.A./N.V.

Landesbank Rheinland-Pfalz und Saar International S.A.



**Bankers Trust Company** 

This announcement appears as a matter of record only. The Notes were offered and sold outside the United States of America.



# The Kingdom of Denmark

U.S. \$100,000,000

11%% Notes Due April 1990

Goldman Sachs International Corp.

Algemene Bank Nederland N.V.

Commerzbank Aktiengesellschaft

S. G. Warburg & Co. Ltd.

Bankers Trust International Limited

Banque Bruxelles Lambert S.A. Banque Internationale à Luxembourg S.A.

Chase Manhattan Capital Markets Group

Crédit Agricole

Credit Suisse First Boston Limited

Daiwa Europe Limited

Enskilda Securities Kleinwort, Benson Limited

Banque Indosuez

First Chicago Limited

LTCB International Limited

Kredietbank S.A. Luxembourgeoise

Mitsubishi Trust & Banking Corporation (Europe) S.A.

Mitsubishi Finance International Limited

Morgan Stanley International

Mitsui Finance International Limited

The Nikko Securities Co., (Europe) Ltd.

Orion Royal Bank Limited

PK Christiania Bank (UK) Limited

N. M. Rothschild & Sons Limited

Svenska Handelsbanken Group

Yamaichi International (Europe) Limited

Privatbanken A/S

April. 1985

Copenhagen Handelsbank A/S

Den Danske Bank af 1871 Aktioselskab

# INTL. COMPANIES & FINANCE

John Makinson looks at the Japanese art of Zaiteku

# Industrial groups play the market

from the investment of pro-digious liquid assets in short-term deposits. However many chances they may take on new products, neither company strays from the straight and narrow in the field of financial investment. They are, to put

it no more strongly, risk-averse. Yet Toyota and Matsushita are rapidly becoming exceptions to the Japanese rule. Increasingly, industrial companies are taking a more imaginative—even adventurous
—approach to cash management. The corporate treasurer who five years ago might happily have traded places with the local bank's branch manager is now one of the more glamorous figures in the company hierarchy. Zaiteku — or treasury

archy. Zaiteku—or treasury management—is the very height of corporate fashion.
According to Mr Masanobu Ikeda, the director responsible for accounting at JVC, two distinct trends have united to encourage a more active approach: "Japanese companies have been able to generate sub-stantial quantities of cash through rapid economic growth, while the capital markets themselves have developed, giving companies greater opportunities for indirect financing."

Put another way, Japanese corporations have become more adept at both asset and liability management. Their financial assets have grown as a result of internal cash generation, while the increasing substitution of convertible bonds and equity for hank debt has provided them for bank debt has provided them with surplus funds to invest.

The result has been a transformation of the Japanese balance sheet. Historically, Japanese companies have survived on a very slender equity base thanks to their close vived on a very siender equity base thanks to their close relationship with the banking system. Japanese banks are generated internally. After the large shareholders in their oil crisis of 1973, the company client companies and have traditionally put strong pressure on clients to borrow heavily and, semi-conducts—which would it need be redecised to the semi-conducts—which would care. clients to borrow heavily and, semi-conductors—which would if need be, redeposit surplus earn a relatively quick cash funds in the banking system but pay-back on investment. The the growing financial strength of the corporate sector, the development of public capital markets within Japan and the increased access of Japanese companies to international sources of funds have recently strengthening its liquidity. The

nothing are both Toyota and companies treat their banks Matsushita described as banks, with more than a little respect. They may manufacture motor Mr Ikeda says that JVC could cars and household appliances, have repaid all its long-term but both companies derive a bank debit as long ago as 1978 high proportion of their profits but deferred the decision until 1982 out of politeness to its banks.

Meanwhile. Mr Kamachi, director for finance at Hitachi, explains that while the company's credit rating

JAPANESE COMPANTES have combined to strain that relation a long-standing reputation for ship.

Even now, most Japanese company sold off a substantial proportion of its oil tanker fleet and invested the proceeds proportion of its oil tanker feet and invested the proceeds in property and financial assets

> aggressive approach to liability management. The replacement of bank debt with equity or interest bearing securities had at least two material advan-



"the big banks are major customers for our products, so it is a little difficult for us to repay all the debt." Hitachi's aim is to become debt-free, but for the moment the parent company has borrowings of Y480bn (\$1.92bn)—more than matched on the other side of the balance sheet by liquid assets of Y800bn.

Yet even the most blinkered commercial banker would acknowledge that the relationship between an industrial company and its banks is much weaker than it once was. To some extent this just reflects the maturing of the Japanese economy and a shift in the manufacturing base.

Mr Kamachi, for example,

cheaply from the public markets tages. It reduced the short-term than from the banking system, cost of capital—not least cost of capital—not least because of the very low yield base of the Tokyo stock market —and it diluted the equity position of the banks. In the past five years, JVC has built up its liquid assets from Y50bn to Y140bn. Internal cash flow has played a part in

that increase but, of the Y90bn rise, no less than Y68bn is accounted for by sorties to the capital markets. For a cash-rich industrial company to raise funds simply for the purpose of redepositing them in other financial markets would seem a strange way to carry on in London or New York. But no such stigma attaches to this practice in Tokyo. Indeed, borrowing in one market and lending out in another can be a very profitable business.

Nippon Yusen is probably as sophisticated as any Japanese mpany in the field of Zaiteku. It has two subsidiary companies, one in London and the other in Tokyo, specifically dedicated to treasury management. Mr Yoshikazu Ishikawa, the general manager of the financing divi-sion says that his dream is to create something resembling a London merchant bank. Klein-wort Benson is apparently the

The company has already made a fair start. Last August Nippon Yusen used its AA+ rating in the U.S. debt markets to raise \$50m of fixed-rate debt. which between them now account for 45 per cent of the group's gross assets.

Yet internal cash flow is only half the story. In the late 1970s, many Japanese companies discovered the merits of a more aggressive approach to liability. yields at or above long-term

com

Emboldened by the success of this manoeuvre the group borrowed another \$50m fixed-rate in January of this year, swopped it for floating rate debt and then reinvested the cash in floating rates notes of an identical maturity. This operation produced a running arbitrage profit of 80 basis points, equivalent to \$2.8m in

nominal terms over the life of the seven-year loan.

Some Japanese companies have been rather more adventurous, borrowing in the Swiss franc convertible bond market at 21 per cent and reinvesting in the U.S. Treasury bill market at 101 per cent. But Nippon Yusen's two fund-raising operations entailed no material currency or credit

risk.
The profit arose from anomalies in Japan's domestic markets. In the first case Japanese banks, in the first case Japanese banks, in their eagerness to lend hedged yen, shouldered a credit risk by passing on Nippon Yusen's dollar bond proceeds to a counterparty with a lower credit rating. The counterparty paid more for the dollars, giving the banks room to lend the Japanese company chean yen.

cheap yen.

In the second case, Nippon
Yusen exploited a loophole by
which Japanese life insurance
companies can avoid foreign exchange restrictions by buy-ing dollar securities issued by Japanese companies. By selling the dollar bonds to the life insurance industry at home, Nippon Yusen secured funds at a very low cost.

Nippon Yusen regards Zaiteku as a source of stable earnings to balance its volatile shipping profits. It aims for a yield of 7 per cent to 8 per cent on its

financial assets
Nippon Yusen, Hitachi and
JVC all emphasise that their financial assets are invested in a conservative fashion, mostly in yen bonds. None of them sees Zaiteku as more than an adjunct to the basic business of manufacturing VTR's or transporting freight. But, for the moment, it is more profitable than either.

This announcement appears as a matter of record only. The Notes were offered and sold outside of the United States of America.



# The Kingdom of Denmark

U.S. \$250,000,000

Floating Rate Notes Due May 1995

Goldman Sachs International Corp.

CIBC Limited

Citicorp International Bank Limited

First Interstate Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A.

Morgan Stanley International

Arab Banking Corporation (ABC) Banco di Roma

Banque Indosuez Crédit Lyonnais

Den norske Creditbank

Enskilda Securities **IBJ** International Limited

Kleinwort, Benson Limited

LTCB International Limited Mitsubishi Finance International Limited

Mitsui Trust Bank (Europe) S.A. Nomura International Limited

PK Christiania Bank (UK) Limited Svenska Handelsbanken Group

Privatbanken A/S

March. 1985

Copenhagen Handelsbank A/S

Den Danske Bank

Banca Commerciale Italiana

Daiwa Europe Limited

First Chicago Limited

Kansallis-Osake-Pankki

Banque Bruxelles Lambert S.A.

Deutsche Bank Aktiengesellschaft

Kredietbank S.A. Luxembourgeoise

Mitsui Finance International Limited

Merrill Lynch Capital Markets

Banque Internationale à Luxembourg S.A.

Yamaichi International (Europe) Limited

The Nikko Securities Co., (Europe) Ltd. Orion Royal Bank Limited

Postipankki

Clive Dis

# UK COMPANY NEWS

# Guinness ahead of market Independence or Liberty? expectations with £37m

gramme initiated last year has resulted in substantial benefits resulted in substantial benefits for Guinness, formerly Arthur Guinness and Sons, with pre-tax profits rising by 20 per cent from £30.9m to £37.2m during the first half to end-March 1985.

This result is better than the £34.5m to £35.5m market expectation, and Mr Exnest Saunders, chief executive, commenting on the results, says that Guinness, which is involved in brewing, retailing and publishing, is now established as a "dynamic consumer products and services company."

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Zaiteku

sumer products and services company."

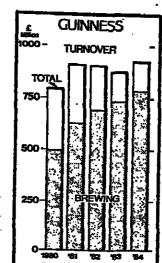
The interim dividend is lifted from 1.82p to 2p net. Last year a total of 6.44p was paid on profits of £70.4m (£58.8m). Stated earnings this time are shown higher at 11.2p (9.6p).

The group has the twin strategies of "profits for today" by continuous improvement in its established businesses, and "growth for tomorrow" by investment in growth sectors and by management in depth, Mr Saunders says.

Within these aims it has a growth.

by management in depth, Mr Saunders says.

Within these aims it has concentrated during the six months on improving the profitability of Martin the Newsagent, acquired last June, towards the industrybest level enjoyed by the group's existing Lavells chain. The group is on target to meet that group is on target to meet that objective, he says, and as a result the trading profit of its retailing and other activities rose from £31.1m.



growth.

In its traditional home markets the group is continuing a marketing thrust to re-vitalise the Guinness brands. Draught Guinness volume sales in Britain and Ireland continued to improve during the first half. Brewing margins overall have improved, with trading profits in this area up by 13 per cent to £31.1m.

In the U.S. the Guinness Import Company continues to out-perform its sector, Mr Saunders says, and the growth rate in Germany has accelerated. The results this time include acquisitions made after the end of the last financial year. They include Martins, Champneys, Natures Best Health Products, Richter Brothers, and Neighbourhood Stores, and indications are that they will substantially continue to the grounds they tribute to the group's future growth and development. Turn-

over and pre-tax profits relating to these companies amounted to £91m and £3.8m respectively. f31m and f3.8m respectively.

Total group turnover was up from £438.3m to £562.6m, with the UK contributing £266.3m (£159m), Ireland £162.5m (£159m), and overseas £133.8m (£102.3m). Pre-tax profits were divided as to the UK £14.9m (£8.9m), Ireland £12.7m (£11.3m), and overseas £14.4m (£13.7m). Central finance charges took £4.8m (£3m).

Exceptional costs of £2m again represent provisions for rationalisation in continuing brewing activities. Related companies added a same again £7m to taxable profits, and there were net finance charges of £5.6m (£3.6m).

After a tax charge of £11.8m (£10.8m), and minorities of £3.2m (£3.1m), attributable profit emerged at £22.2m (£17m).

See Lex

THE TAKEOVER bid launched yesterday by an offshoot of Liberty Life Association for iCapital and Counties involves one of South Africa's leading and innvative life offices and one of Britain's top 10 property com-

panies.
On paper at least, such a bid should generate considerable excitement. But Mr Donald Gordon, chairman of Liberty, was keen yesterday to play down the significance of the move-

regarded in the City as one of Britain's more attractive property companies in a depressed sector. The bid has hardly been pitched generously, standing at a 13 per cent discount to fully diluted net asset value of 258p per share at the end of March.

However, that net asset value It was, he insisted, a technical bid which the Liberty's 75 per cent owned subsidiary, Trans-Atlantic Insurance Holdings, had cent owned subsidiary. TransAtlantic Insurance Holdings, had been obliged to make under 
Britain's takeover code, which 
insists that a company make a 
full offer for another when its 
stake in it reaches 30 per cent. 
TransAtlantic, which already 
held a 29.7 per cent stake in 
Capital and Counties, was offered 
a block of shares by the British 
Rall Pension Fund, representing 
about 4.8 per cent of Capital's 
equity, which it was keen to buy 
at a price of 225p a share. That 
took it above 30 per cent, automatically triggering a bid at the 
same price.

"It is not a bid designed to 
take control," said Mr Gordon 
yesterday. "We are perfectly 
happy to stay at 34.5 per cent, 
but if legal control is acquired 
at 225p that is acceptable to us." 
He added that TransAtlantic 
would be keen to maintain 
Capital's Listing, with perhaps up 
to 40 per cent of its shares 
remaining in public hands.

But at least some City analysts 
were yesterday speculating that 
it was possible Mr Gordon might 
want to build up Capital as a 
quoted UK investment vehicle, 
possibly as a prejude to greater 
involvement in Sun Life Assurance, the large UK insurance 
group in which TransAtlantic has 
a 26 per cent stake.

However, that net asset value 
figure—announced at the end of 
May together with the company's 
preliminary results for 1984-85 
—disappointed the property 
sector, and may have been one 
factor behind the BR Pension 
Fund's sale of shares. 
In recent years the company's 
preleting about 4.8 per cent, 
at the end of March.

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at the end of March.

However, that net asset value 
figure—announced at the end of 
May together with the

arce, the large OK hisdrance against 21-sm for housebinding group in which TransAtlantie has and £840,000 for property a 26 per cent stake.

However, Mr Gordon sald yesterday Liberty was considering for taxable profits of just over the public flotation of Transfilm, with relatively static in-Atlantic in London as an invest-

Martin Dickson in

ment vehicle. Whatever the plan. Capital is



**USM** placing for Prontaprint

building but a good advance on the investment side, through rent Martin Dickson in
London and Jim
Jones in Johannesburg
on the bid for
Capital & Counties

the investment side, through rent reviews and new lettings.
The group's particular attraction to the City is its major role in retail property, which accounts for about half its portfolio against an average weighting for the sector of about 25 per cent.
It is best known for its big retail courses in Nottingham (the

retail centres in Nottingham (the Victoria Centre) and in Newcastle, and it has a large stake in a recently completed centre in Wakefield. Its major project under construction is a 380,000 or fr. shopping centre at Harley sq fr shopping centre at Hanley, Stoke on Trent, due for comple-tion in 1988, and it is also a con-tender for a major Im sq ft centre in West Thurrock.

As for Liberty Life, in the 28 years since it was founded by Mr Gordon, it has grown into South Africa's third largest life assuror and has a reputation for being among the most innovative At the end of 1984 total assets were R4.22bn, while last year's premium income was R510m and net profit R44.9m.

Size brings its own problems in the limited South African economy. Five major groups, which include Liberty, are estimated to own about 80 per cent of the private sectors industrial and commercial assets. As a result group of the property of the private sectors industrial and commercial assets. sult growth opportunities are be-ing sought increasingly abroad, though this is constrained by South Africa's strict foreign ex-change controls.

change controls.

Liberty's overseas ambitions may eventually be channelled through Sun Life of the UK, though this would call for considerable tact and patience. In Johannesburg, in March, Mr Gordon made clear that he had no intention of barging into the London insurance market.

He said that though he would be happy to see Liberty and Sun Life working closely together this could only be implemented when it was clear that Sun and

when it was clear that Sun and Liberty had complementary skills to offer each other.

# electrocomponents

Results for the year to 31st March 1985

	Year to	Year to
	31.3.85	31.3.84
	5.000	5.000
Group sales	164,024	129,300
Cost of sales	100,948	78,983
Gross profit	63.076	50,317
Distribution/administration costs	(34,109)	(28,613)
interest received	1,090	873
Interest paid	(470)	(353)
Profit on ordinary activities before		
taxation	29.587	22,224
Taxation	(13,087)	(9,890)
Profit on ordinary activities after		
taxation	16.500	12,334
Minority interests	(153)	42
• • • • • • • • • • • • • • • • • • • •	16,347	12,376
Extraordinary item	10,547	(598)
Profit for the financial year	16,347	11,778
Proficiol die linanciaryear	10,347	11,776
Net Group Bank Balances	2,533	2,259
Earnings per share	16.0p	12.1p
Increase on engacementing parties.		
Increases on corresponding period: External sales	26.9%	27.7%
Profit before taxation	33.1%	27.2%
LI ALLERGI OF C MANAGOLI	JJ, 1 /4	-1-270

The auditors have indicated their intention to give an unqualified report on the 1985 accounts, which will be filed with the Registrar of Companies in due course.

The move of RS from its London HQ and the transfer of stock previously held in Milton Keynes, was completed during the year. Electropian, Mesa, Pact, RR and RS have all achieved record sales

Radionics, having moved out of the retail trade in the previous year, moved back into profit on a slightly lower sales figure. Earnings per share for the year under review increased by 32%

Despite continued softness in some market sectors and the nervousness in the semi-conductor industry, further Group sales and profit growth have been achieved in the 1985/6 year to date. At the AGM to be held on 9th August 1985, the Board will propose final dividend of 3.65p, making a total for the year of 5,25p (4.00p for previous year).



Copies of the Report and Accounts will be available from the Sacretary, Elactrocomponents plc, Harrier House, St. Albans Road East, Hatfield, Herts. AL10 OHE from 17th July 1985.

# electrocomponents

# Urban renewal boosts Regalian

A MARKED INCREASE in its urban renewal activities has helped Regalian Properties to a record £2.23m pre-tax for the year to end-March 1985, compared with £785,440 previously.

At the halfway stage this holding company, which develops and deals in property, had already topped last year's profits, with £835,222 (£439,160) achieved.

The total dividend for the year is being raised by 30 per cent to 3.25p (2.5p) with a final of 2.4p (1.75p). Stated net earnings are shown higher at 14.94p (9.62p).

The directors say that the successful completion of the Batter-

(1.75p). Stated net earnings are shown higher at 14.94p (9.62p).

The directors say that the successful completion of the Battersea Village project has placed the company in a leading position in the specialist urban renewal field, and several such peatable returns on West End schemes are currently at an adproperties bought from Mr Golds.

the UK business of Eurocom Hertfordshire-based

US\$100,000,000 Guaranteed Floating Rate Notes due 1994

Citicorp Overseas Finance

Corporation N.V.

CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 81/16% and that the interest payable on the relevant Interest Payment Date, September 12, 1985 against Coupon No. 26 in respect of US\$1,000 nominal of the Notes will be US\$20.60.

rporated with limited liability in the Netherlands Antilles) Unconditionally guaranteed by

Data, which was bought from operates.

By: Citibank, N.A. (CSSI Dept.), Agent Bank

Clive Discount Holdings PLC

1 Royal Exchange Avenue

London EC3V 3LU

12th June 1985

June 12, 1985, London

vanced stage. stone's private company. But the be looking firmly into the rear Local authorities are recognising the role which the private. pressive rise in recent months of 10 surely appears inexpensive.

Mayfair addresses. The story at Regalian is about urban renewal wery fashionable but in a different sense to Mayfair. The highly acclaimed Battersea Village Project has landed Regalian sufficient kudos to open planners' doors on other projects. Success is breeding success and while the competition will undoubtedly increase, this company has the learning curve behind it and can talk confidently of over £100m of turnover already on its books to be spread over the next four to five years and compound profits growth rate of at least 25 percent over the same period. So by — very fashionable but in a diffe-

comment

The full benefits of integrating

Eurocom into Microgen's own bureau operation will not be felt at the pre-tax line until 1985-86

company

**CITIBANCO** 

The Warrants described in this advertisement arise from an issue to the Shareholders of the Company and accordingly this advertisement should not be construed as an invitation to subscribe for Warrants or Ordinary Shares of Clive Discount Holdings PLC

**Clive Discount Holdings PLC** 

Issue of 2,390,887 Warrants

having rights to subscribe for

2,390,887 Ordinary Shares of 20p each of the Company

Particulars of the Warrants will be available in the statistical services of Extel Statistical Services

Limited and copies of these particulars may also be obtained during normal business hours on any

20 Fenchurch Street

London EC3P 3DB

Kleinwort, Benson Limited

weekday (Saturdays and public holidays excepted) up to and including 26th June 1985 from:-

BY LUCY KELLAWAY Prontaprint, the franchisor of overseas of which 29 are in having made a small loss in 1982. high-speed print shops, is com- France. The group expects that ing to the USM with a market openings on the continent will related to an unsuccessful exvalue of £10.1m. Equity Finance proceed faster than in the UK, are placing 2.2m shares at 138p ingly come from higher turnover shops in Ryman stores.

Reach upon the placing price.

each to raise £3.0m before ex-penses, of which £1.5m will be new money for the company. The 138p placing price relates to a 10p ordinary share at 137p in Prontaprint Holdings, the Jersey-based holding company, and a 1p "B" ordinary share in Prontaprint plc. Unless they specify otherwise, UK shareholders will receive a dividend on the "B" share and not on the ordinary shares in the company, which will mean that they **Acquisition lifts Microgen** TURNOVER for the first six National Westminister Bank in months of the present yéar-grew September 123 year. Microgen's fourfold at Microgen Heldings, other recent purchase, Scan the computer bureau services group. Compared with the interim figures for 1983-84, turn-over rose from £2.64m to £10.87m, and pre-tax profits increased by 2½ times from £433,000 to £1.09m.

The main reason for the leap was the inclusion of figures for the leap was the inclusion of figures for the five countries in which the therefore extraordinary items were 6.33p against the 1983-84 figure of 3.26p, adjusted for the one-for-one scrip issue and sub-division of the shares.

An interim payment of 1.5p is proposed, compared with the use of computer sincreases. Turn-over and profits have increased in the five countries in which the Hertfordshire based company.

pany, which will mean that they, are not affected adversely by Jersey's tax system. The "B" shares do not have a vote, and both classes must be bought or sold together. The first Prontaprint shop was opened in 1971, since when the number of outlets has grown to

# Geevor shows recovery in

Mr Ken Gilbert, Geevor's

### Yearlings

The interest rate for this week's issue of local authority bonds is 12 per cent, unchanged from last week, and compares with 10% per cent a year ago. The bonds are issued at par and are redeemable on June 18 1986.

A full list of issues will be published in tomorrow's edition.

# 281. It is now the largest print

at the pre-tax line until 1985-86 and for the present it is turnover rather than profits which seem to be becefiting from the merger. The directors do not break-out the contribution of Eurocom but taking some basic numbers—profits of the two separate companies in 1984—the underlying growth within the reported 160 per cent improvement is more like 40 per cent. There remain three bureaux still to be merged which should be completed during the second half of this year. Assuming cost savings are gradually won, margins will improve in the second half and a £5m profit would appear to be a reasonable expectation for a prospective multiple of close to 20 at 330p. second half The Cornish tim producer Geevor Tia Mines staged a sharp recovery during the closing six months of the year to March 31 after a disappointing first half, to give full-year net profits of £1.04m, only a little lower than the £1.18m recorded for the previous 12 months.

previous 12 months.

The dividend total is maintained at 12p per share with an unchanged final of 8p, from earnings of 25.8p a share against 34.2p last time.

The main reason behind the year-on-year decline in profits was a trebling in exploration spending in the latest period to a total of £189,000.

Mr Ken Gilbert, Geevor's managing director, has pomted out in the past that it is crucial for the mine to make use of the present period of comparatively high tin prices, underpinned by the support operations of the sixth International Tin Agreement to develop the ore reserves on which future production will be based.

Geevor's production increased during the year from 980 tunnes of tin metal contained in concentrates to 998 tonnes, and the average price received was slightly higher at £9,047 compared with the previous figure of £8,660.

# "Another year of successful growth by the Argyll Group."



at existing outlets.

In addition to the print shops, Prontaprint has diversified into other franchised chains;

Based upon the placing price, the shares are on a historic price-dearnings multiple of 25 after a tax charge of 44 per cent.

In addition to the print shops, Prontaprint has diversified into two other franchised chains: Fudge Kitchen, specialist sweet shops selling 20 different sorts of fudge, and Poppies, a domestic and office cleaning service.

In the past five years Prontaprint has increased profits from £150,000 in 1981 to £604,000 in the year to March 1985, after the shares are on a historic price/earnings multiple of 25 after at ax charge of 44 per cent. The directors expect that the first dividend will be paid in January 1986. On a forecast dividend of 1.8p for the year, the shares are on a historic price/earnings multiple of 25 after at ax charge of 44 per cent. The directors expect that the first dividend will be paid in January 1986. On a forecast dividend of 1.8p for the year, the placing price is 1.9 per cent.

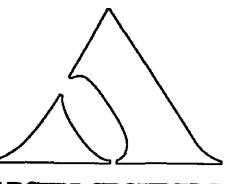
- Food division profit up 36% to \$44.2 million on 16% turnover increase, with net margin now over 3%.
- Excellent turnover and profit growth by Presto which will open 20 Food Markets this year totalling 374,000 sq. ft. of additional sales area, an increase of 16 per cent.
- Particularly encouraging performance by Lo-Cost and strong first profit contribution from Amos Hinton, now fully integrated, of \$2.4 million for six months.

- Over next two years, major changes to corporate trading identities, physical distribution and store systems to take place with Presto being established as the principal retail trading identity
- Presto's turnover and operating profit to benefit significantly from programme of major change which will enable continued progress in net margin improvement over the next three years. Future cost of change being charged as extraordinary item.
- Drink division profit up 8% to £13.1 million on 14% turnover increase. In the U.S., over two fifths of Barton Brands' profits now generated from sale of imported wines and beers.
- Good start to current year by food division with turnover in line with expectation and pleasing volume growth.
- Steady progress in developing broadlybased drink business.
- Confidence in future prospects.

RESULTS			
& million	Year to 30 March 1985	Year to 31 March 1984	Increase
Turnover	1,755.6	1,515.6	16%
Operating Profit	57.3	44.7	28%
Profit before tax	53.1	40.1	33%
Taxation ;	(13.3)	(6.0)	_
Extraordinary Item	(11.5)	(3.5)	. –
Earnings per share -actual tax -35% tax	20.0p 17.3p	17.6p 13.4p	
Dividend per share-net	6.25p	5.0p	25%

Copies of the Company's preliminary statement can be obtained from the S Argyll Group PLC, Argyll House, Millington Road, Hayes, Middx. UB3 4AY.

JAMES GULLIVER, CHAIRMAN



ARGYLL GROUP PLC

### IPNA N.V.

NOTICE IS HEREBY GIVEN that in accordance with article 8 of the Conditions of Administration, the Annual General Meeting of the Holders of depository receipts of Indosuez and Partners the holders of depository receipts of Indosuez and Partners Properties in North America (IPNA) N.V., will be held on June 28th 1985, at the office of the Stichting in Amsterdam, Herengracht 28th 1985, at the office of the Stichting in Amsterdam, Herengracht 320 at 10 a.m. in order to review the annual accounts of Indosuez and Partners Properties in North America (IPNA) N.V. and Partners Properties in North America (IPNA) N.V.

and Partners Properties in North America (IPNA) N.V.

Notice that in accordance with Article 9 of the Conditions of Administration, holders of depository receipts or their representatives are not allowed admission to the meeting unless they have tives are not allowed admission to the meeting unless they have so deposited their certificates at the office of the Stichting at least three days prior to the meeting, or unless they have so deposited with the Stichting a statement from a bank that such certificate will be held in its custody until the end of the meeting.

Notice that the appenda of the meeting and the annual accounts 1984.

Notice that the agenda of the meeting and the annual accounts 1984 Motice that the agenda of the meeting and the annual accounts 1784 have been deposited at the offices of the Stichting at the aforementioned address and a copy thereof will be sent upon request to any holder of depository receipts. Stichting Indosuez Trust Services

### IPNA 2 N.V.

NOTICE IS HEREBY GIVEN that in accordance with article 8 of the Conditions of Administration, the Annual General Meeting of the holders of depository receipts of Ipna 2 N.V., will be held on June 28th 1985, at the office of the Stichting in Amsterdam, Herengracht 320 at 11,15 a.m. in order to review the annual accounts of Ipna 2 N.V.

Notice that in accordance with Article 9 of the Conditions of Administration, holders of depository receipts or their representatives are not allowed admission to the meeting unless they have deposited their certificates at the office of the Stichting at least three days prior to the meeting, or wees they have so deposited with the Stichting a statement from a bank that such certificate will be held in its custody until the end of the meeting.

Notice that the agenda of the meeting and the annual accounts 1984 have been deposited at the offices of the Stichting at the aforementioned address and a copy thereof will be sent upon request to any holder of depository receipts.

Stichting Ipna 2 Trust Services

Hoare Govett Ltd

London WC1V 7PB

319/325 High Holborn

# Metal Box fall less than expected

50 -

40 -

THE CITY, braced for a down-turn at Metal Box, was relieved with yesterday's figures showing 1984-85 profits down by only £2m and the company's shares closed 200 higher on the day at 4330. At the pre-tax level profits for fr.6m (£2.1m). Associates added the pre-tax level profits for the 12 months to end-March fell from £70.1m to £68.1m on a (£15.3m) and minorities for turnover down by £133m to £1.3m (£10.4m).

However, the group's results were affected by a major reconstruction in South Africa in 1983-1984 and by the decision to deconsolidate Nigerian operations from April 1984.

However, the group's results debits accounted for £24.2m (£0.1m; and left the profit for the year £16.3m behind at £28m. The extraordinary items comprised a £9.4m (nil) provision against Nigerian subsidiaries, \$250.00 (£22.11) for the profit of the

Group trading profits were little changed at £91.9m (£92.2m), and were subject to net interest charges of £23.8m

tions from April 1984.

To show the effects of these changes the directors have produced pro-forma results showing 1983-84 profits at £56.3m and turnover at £1.05bn.

For 1983-84 the Nigerian operations returned pre-tax profits of £9.8m but over the following 12 months they ran up losses of £9.8m but over the following 12 months they ran up losses of £8.6m

The actions already taken, and further actions in hand to improve profitability, are expected to result in opportunities for further improvements later in the year.

Meanwhile, a final dividend of

in the year.

Meanwhile, a final dividend of 11.150 (9.19p) lifts the total from 15p to 17.25p net per fi share. Earnings per share for 1984-85 improved by 10.2p to 1984-85 improved by 1984-85 impr

1984-85 improved by 10.2p to 68.9p, partly due to the decision to deconsolidate.

Engineering, central heating and most of the group's packaging operations in the UK showed a better overall performance.

The increased dividend is a result of the improved earnings and the continuing strength of the foreseeable for the foreseeable function. The foreseeable function is a partly decomparative results include Metal Box South first six months. The directors point out that the restructuring implemented in October 1983 in effect converted the group's interests into two related com-

improving the quality of its earnings. He says this process of repositioning and streamlining the company will continue as the directors adapt further to the necessities of the competitive environment in which the group operates.

The chairman comments that following a search in the U.S. for acquisitions with a solid base and wide geographical coverage, which would provide profitable growth in markets to which Metal Box is committed, using familiar technology, the direc-tors were successful last April in acquiring Clarke Checks for

Clarko is well-managed, profit-able and favourably positioned in the cheque printing business in the Southern States and strengthens very substantially "strenginens very substantially the group's micrographics business in California. Since the end of last year the group's cheque printing business has been augmented further by the acquisition of Chek Print in Scattle.
Mr Allport said he believed
Metal Box's strength lay in

Metal Box's strength lay in sticking to its core businesses which are predominantly in packaging. "That is the area where I believe our greatest strength lies and also our best opportunities lie."

Asked if he thought the reshaping of Metal Box over the last few years had made the group less vulnerable to a predator Mr Aliport replied that a bid was "not something I would welcome, that is for sure."

**METAL** 

BOX

Attributable

Profit/Loss

panies.

The Italian and Greek packaging subsidiarles have changed their accounting year-ends and as a consequence the group's 1984-85 results include an additional quarter's figures which increased turnover by £32.3m, reduced trading profits by £0.8m and increased interest payable by £1.9m. Mr D. I. Allport, the retiring chairman, tells shareholders that during the past few years considerable progress has been made in reshaping the company, raising its productivity, chhan-

# Enlarged EMAP surges to record £7.7m.

EXPANSION-MINDED East Mid-land Allied Press, the provincial newspaper and magazine group, made further strong headway made further strong headway over the second six months to finish the 1984-85 year £2.42m ahead at the pre-tax level.

The figures, up from a restated £5.3m to a record £7.72m, were achieved from a turnover of £95.64m, compared with £71.79m.

The magazine division increased its contribution by 68 per cent to £5.8m while the newspaper sector, following an excellent year, showed an improvement of 57 per cent at £2m.

Time final dividend is being stepped up from 1.5p to 2.08p for a 0.73p higher total of 3p net per 25p share.

During the year the group was

which it dominates.

The group's magazine activities now comprise 70 titles, related exhibitions and electronic publishing. Turnover of the division for the past year, to March 30 1985 rose by 43 per cent to £43.2m.

Mr Rogers says Maclaren Publishers owned 14 publications

this expansion will continue.

Mr Frank Rogers, the chairman, tells shareholders that the acquisition of Maclarent Publishers last October was by far the most important addition to the group's business that has been made.

In addition EMAP acquired the Grantham Journal, a weekly newspaper adjacent to the circulation area in East Anglia which it dominates.

The group's magazine activities of ferences. He points out that the results achievede by the company since acquisition were better than anticipated and resulted in the maximum ceiling of £10m on the purchase price.

Group tax for 1984-85 took £3.27m (£1.88m) and extraordinary items (deterred tax) £2.5m (£1.01m). Earnings per share amounted to 7.3p (5.7p).

cing its productive capability, strengthening its financing and

EMAP has produced a much better set of results than even its fans had been expecting. The City had been looking to the acquisition of McYaren to provide most of the excitement last year, but despite a contribution that surprised EMAP itsif, most of the improvement came from per 25p share.

During the year the group was expanded in every major activity and the directors are confident

Mr Rogers says Maclaren Property of the temptovement came from that surprised EMAP itsif, most expanded in every major activity no previous market presence, the company's existing business of the magazine division

tions tripled profits, even after a higher incidence of bad debts from some of the smaller home computer companies. EMAP's success in tapping the teenage market has taken the combined circulation of its magazines to 2.4m, a base from which it will expand mainly by more launches, although it is currently holding talks that could add a few more titles by acquisition to its port-folio. Profits of more than £10m look within reach for the current year, which after a 40 per cent tax rate puts the shares, up 5p to 138p, on a p/e of 13. The price has risen sharply on takeover hopes in the last few months, but as hopes subside the company's trading record alone justifies the premium of the

# 'In the improving market conditions we have achieved significant growth in all areas'



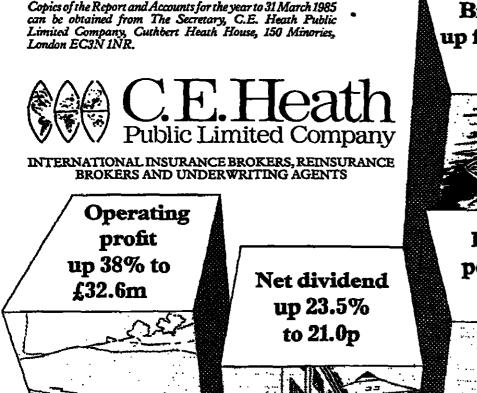
reports Derek Newton, Chairman

### Our Results in 1984/85

Our overall results represent a very encouraging performance with another set of record figures.

# Looking to the Future

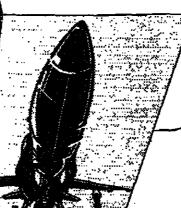
Present market conditions require the ability to respond rapidly to take advantage of the opportunities. The quality of our staff and management team will ensure further successful growth.



Brokerage up from £29.2m to £33.5m



**Earnings** per share up 65% to 61p



# **Aitken** up 78% thanks to U.S. buy

BOOSTED significantly by a first full-year contribution from National Securities and Research Corporation, pre-tax profits at Aitken Hume International rose by 78 per cent in the year to March

NSRC was acquired in March 1984 and supplied more than half of the group taxable surplus of £6.78m for the year under review. This compared with a result of £3.8m in the previous year. Mr Jonathan Aitken, chairman of the group which recently made an abortive attempt to merge with news-napers concern Fleet Hold-ings, considers that Aitken Hume—an investment management and financial services group—has achieved a strong base from which to hull its financial activities in the UK and North America. He adds that under the He adds that under the present management the group has now completed a five-year period of continued growth from a 1981 net profit of £160,000 and earnings ner share at an adjusted 2.53p. Forthe year past the comparable figures were £5.57m (£3.24m) and 23.72p (23.31p) respectively.

respectively. The directors have recom-mended a final dividend of 4.75p per share, a rise of 0.75p, for a total of 7p (6p). The dividend will account for £2.23m (£1.04m).

Gross revenue rose by more than £10m to £30.48m, and produced operating profits of £8.74m (£4.4m). Interest payable, excluding that of the banking division. was much higher at £1.96m (£602,000).

Investment management in the U.S. was the largest contributor to the taxable outcome, adding \$4.15m, and dwarfing the performance from similar activities in the UK. which made only \$787,000. Mr Aifken says that the demestic division has the domestic division has continued to develop its product range with two new unit

trusts,
The chairman says that the NSRC result was excellent, with pre-tax profits of U.S.\$5m (£3.95m). The result reflected strong growth in existing mutual funds as well as the introduction of two new funds. One of these, the National Securities Federal Trust, attracted more than \$200m in its first six months of operation. Pension fund management in the U.S. ex-perienced difficult trading conditions, but there are now signs of an improvement.

Only now does the true value of Aitken Hume's 1983 acquisition of the U.S. fund acquisition of the U.S. fund manager National Securities and Research Corporation become apparent. Funded with an unpopular three-fortwo rights issue, the New York busines is more than pulling its weight, contributing 61 per cent of group profits. Indeed, its contribution has compensated for a sharp fall in UK fund management profits—hit by the poor perfermance of U.S. and Japanese high technology funds—and a smaller decline in hanking profits, which have been trimmed by tighter accounting treatment of leasing deals. The group plan now is to revive the UK fund management business with management business with new funds, new staff and a marketing drive to create a broadly-based business; corporate finance which generated some spectacular success (and failures) in the past is no longer at the heart of things at Aitken Hume. The aim is for steady growth
—say 15 to 20 per cent a year
increases in earnings per
share—to give shareholders a snar:—to give snareholders a return on the asset base which has been so rapidly built. The City has yet to be convinced that the company can be that patient, pricing the shares, up 6p to 158p, on a p/e of 6½, at a substantial discount to other

# Food profit growth helps Argyll advance to £53m

coming from its food side, Argyll representation over the next Group, food and drink retailer, few years, the chairman states lifted pre-tax profits here. lifted pre-tax profits by 33 per cent from £40.07m to £53.12m for the year to March 31 1985, on turnover, excluding VAT, up 16 per cent at £1.68bn, against

The result was slightly better than market estimates of £52m and the shares rose 70 on the news and later closed 12p higher

Operating profits climbed by 28 per cent from £44.72m to £57.26m, of which food accounted for £44.19m (£32.58m) and drink

for £44.19m (£32.58m) and drink £13.07m (£12.14m).
Earnings per 25p share allowing for the actual tax charge of £13.31m (£6.01m) were 20p (17.6p) and 17.3p (13.4p) on a notional 35 per cent charge. The final dividend is raised by 0.9p to 4.15p net for an increased total payment of 6.25p (5p).

representation over the next few years, the chairman states. In the 1984-85 year, Presto increased its turnover by 18 per cent to £718.6m and pre-tax profits by 35 per cent to £20.15m—its net margin rose from 2.4 per cent to 2.8 per cent. During the period Presto has continued its own label development with major frozen food, provisions, and wines and spirits product launches, achieving almost 2 50 per cent increase in own label sales.

sales.
Own label products, including

Own label products, including Basics generic products, now account for 24 per cent of Presto's packaged grocery sales. It is planned to raise this proportion to over 30 per cent in the next two years.

The drink division has traded well under difficult conditions. But Mr Gulliver says this year will not be any easier with uncertainty over the likely effect of next October's 20 per cent increase in federal excise tax in the U.S.

sq ft of new sales area and, with other retail activities, a total new sales area in excess of 400,000 sq ft.

This new store opening programme is heavily weighted towards the end of the financial year. It will, taken with the on-going store development programme and store identity initiative, result in a major accuisition.

The expansion of its off-licence stores which, including retail activities, now total almost 1,000 stores, provides substantial opportunities for the introduction and development of brands in the growing UK take-home or other programme and store identity initiative, result in a major pursue all opportunities for

internal growth and for growth by acquisition both in the UK is confident about group prospects.

Argyll has begun the second phase of its longer-term plan to bring the net margin of its food division into line with best industry standards (Argyll's net food margin rose from 2.6 per cent to 3.03 per cent in 198485). cent to 3.03 per cent in 198485). The efficiencies expected within the next three years, as a result of the programme of change, will benefit significantly Presto's turnover and operating profit, as well as its working capital ratio. In addition to improving net operating margins, a material reduction in stockholding at store level, in excess of half of one week's stock—a fall of at least £10m—will also be achieved over the next three years.

The implementation of this programme will involve some considerable one-off costs in terms both of capital and revenue. The principal capital cost relates to the new regional classification of the new regional cost relates to the n

total payment of 6.25p (5p).

Extraordinary charges amounted to £11.5m (£3.54m) and comprised £10.08m for the future costs of the restructuring of physical distribution and retail trading identities, less tax relief, and £1.44m for the costs of reducing investment in Scotch whisky production.

Mr James Gulliver, the chairman, says the food division made a good start to the current year with sales in line with expectation and a pleasing volume growth performance. This year the company should achieve its target of 20 Presto food market openings representing 374,000 sq ft.

This new store opening programme is heavily weighted towards the end of the fingments in of early easier with uncrease in federal excise tax in the U.S.

The company is making steady broadly-based drink business and is achieving an attractive return on a tightly managed capital base with currently only a nominal capital.

Mr Gulliver says its objective is to build a growing portiolio of owned and agency brands, in the UK, the U.S. and other world markets. This, he says, will be achieved through both internal growth and where possible one-off costs in terms both of capital activities achieving an attractive return on a tightly managed capital base with currently only a nominal capital.

Mr Gulliver says its objective is to build a growing portiolio of owned and agency brands, in the UK, the U.S. and other world markets. This, he says, will be achieved through both internal growth and where possible one-off costs in terms both of capital and revenue. The principal capital distribution centres—where £15m was spent last year and a further film will be spent over the likely effect of next October's 20 per cent increase in federal excise tax in the U.S.

The company is making steady broadly based drink business and is achieving an attractive return on a tightly managed capital base with currently only a nominal capital.

Mr Gulliver says its objective is to build a growing portiolio of owned and agency brands, in the UK, the U.S. and other world with

from the existing distribution basis to the new one.

Total fixed asset write-offs is expected to be \$10.1m after tax, of which just over half will be incurred in the current financial year and the balance next year.

# Electrocomp. growth continues

profits up by 38 per cent at £29.59m.

The rise in pre-tax profits, which reached £22.22m for the previous year, was achieved on turnover ahead by £34.72m at £164.02m. Mr R. A. Marier, the chairman, says that several of the group's substillaries—namely Electropian, Mesa, Pact, RR and RS—all achieved record sales and profits in the period.

He adds that despite continued softness in some sectors and the

softness in some sectors and the nervousness in the semi-conductor industry, the current year to date has witnessed

GROWTH CONTINUED into the second half at Electrocomponents, and the group musned the year 198485 with taxable profits up by 33 per cent at £29.59m.

The rise in pre-tax profits, which reached £22.22m for the previous year, was achieved on turnover ahead by £34.72m at £164.02m. Mr R. A. Marler, the chairman, says that several of the group's subsidiaries—namely Electroplan, Mesa, Pact, RR and administration costs came to

£50.32m, and distribution and administration costs came to £34.11m (£22,61m). The pre-tax figure was struck after interest received at £1.09m (£373,000) and interest paid at £470,000 (£355,000).

The tax charge was up from £9.89m to £13.09m, and minority

# Parkdale 35% higher

property division enabled Park-dale Holdings to offset a down-turn in its financial services side in the year 1984-85. As a result, in the year 1907-53. As a result, pre-tax figures for the period to lApril 30 showed a 35 per cent increase from £273,044 to £368,277.

Property and financial activi-

(profits down from £102,510 to £40,488) and accordingly, internal reorganisation within this division has taken place. As a result, the board says it is better placed to benefit from the proposed changes in the field of pensions legislation.

increase from £273,044 to £388,277.

Property and financial activities presently under consideration enable the board to view the future with confidence. The year's net dividend is to be raised from 0.9p to 1p per 10p share, with a final of 0.75p.

As indicated at the interim stage, the financial services side has experienced a difficult year

property operating profits more than doubled from £246,953 to £503,315, of which £367,408 (£179,137) was from rentals transver, including rentals, was up slightly at £1.2m (£1.13m). After-tax profits came out ahead from £183,602 to £262,674 and stated earnings per 10p share rose from an adjusted 1.71p to 2.45p.

# **DIVIDENDS ANNOUNCED**

27712 HIDO ANNOUNCES						
	Current		Corre- sponding div.		last	
l		payment				
Aitken Hume		Aug l	4	7	6	
Argyll		. <b>–</b> .	3.25	6.25	5 ·	
Deelkraal		Aug 7	10	30	10	
Doornfontein	. 1401	Aug 7	120	220	200	
Driefontein	. 1957	Aug 7	170	310	275	
EMAP	. 2.08	_	1.5	3	2.27	
Electrocomponents	. 3.65		2.7	5.25	4	
Guinness int		Aug 9	1.82	_	6.44	
Kloof Gold	2501	Aug 7	200	360	330	
Libanon		Aug 7		330	250	
Thomas Locker		July 26		1.3	1.3	
London & Caide, int.		July 30			1.3	
Metal Box		July 26		17.25	15	
Microgen		Aug 1	0.75*	-1-64	2.5*	
Parkdale		·	0.9	<u> </u>	0.9	
Plaxtons (GB) int		July 13		•	4.5	
Regalian		anta ta	1.75	 3.25		
Standard Fireworks		Sept 6	5.73	o29 5.75	2.5	
			_		5	
Dividends shown pence page 2 Equivalent after increased by rights a \$ Unquoted stock, I Sou	allowing nd/or a	. for scri	p issue.	10 t	capital	

interests took £153,000 from the accounts (added £42,000). Attributable profits for the year came out at £16.35m against £11.78m last time, when there was an extraordinary debit of £598,000.

Net group cash balances are Net group cash balances are shown at £2.53m (£2.26m).

### comment

Electrocomponents can sidestep the worst problems of the semi-conductor market thanks to the diversity of its range with some 80 per cent of its sales in the passive sector and probably better described as industrial and electrical products rather than electronic components. So than electronic components. So
the results, showing a particularly good second half with
profits up by 37 per cent, reflect
well within the sector. Higher
volume accounted for 15 points
of the 27 per cent increase in
turnover last year and while the going will get tougher in 1985-86, especially in the first half, the especially in the first hair, the group is on the way to at least £35m pre-tax. After yesterday's 17p gain in the price to 285p the prospective p/e drops to about 134. Conceivably the shares could carry a slightly better rating than that.

### Autopistas del Atlantico Concesionaria Espanola S.A US\$115,000,000 Guaranteed Floating Rate Notes due 1993

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the first Interest Period has been fixed at 7% per cent per annum. The Coupon Amounts will be US\$400,31 in respect of the US\$10,000 denom ination and US\$10,007.81 in respect of the US\$250,000 denomination and will be payable on 11the December, 1985 against surrender of Coupon No

nufacturers Hanover Limited Agent Bank

LADBROKE INDEX
998-1,002 (+5)
Based on FT Index
Tel: 01-427 4411

# Granville & Co. Limited

Over-the-Counter Market

							P/1	
					Gross	Yield		Fully
High	Low	Company	Price	Change	div.(p)	%	Actual	taxed
146	123	Ass, Bnt. Ind. Ord	148	_	66	4,3	8.1	9.6
151	135	Ass. Brit. Ind. CULS	150		10 0	6.6	_	_
77	51	Airsprung Group	52	- 1	6.4		5.8	6.8
42	26	Armitage and Rhodes	37	_	28.	7.8	4.6	7.7
155	106	Bardon Hill	155	+ 1	3.4	22	15.6	<b>2</b> 6 0
59	42	Bray Technologies	59	+ 1	39	6.6	72	8.3
201	161	CCL Ordinary	163	_	12.0	7.4	4.0	3.8
152	105	CCL 11pc Canv. Pref	105xd			14.9		_
122	10	Carborundum Ord	122	+ 1	4 5	4.0	6.0	9.5
88	83	Carborundum 7.5pc Pt.	83×d	-		12.9	_	_
73	46	Deborah Services	48	_	6.5	14.1	44	7.1
332	182	Frank Horaeli	332	_	_	_	133	17.5
262	170	Frank Horsell Pr.OrE.87	264	_	9.6	36	10.6	13.9
32	25	Frederick Parker	29	-	-	-	_	_
60	33	George Bleir	60	+ 1	_	. —	40	8.0
60	20	Ind. Precision Castings	26	_	2.7	10 4	7.1	77
218	180	isis Group	183	_	150 ·	8.3	71	12.9
1.34	101	Jackson Group	108×c		5.5	51	7.2	72
285	213	James Butrough	230rd		13 7	6.0	8.2	8.2
83	83	James Burrough Spc Pt.	90	_		14.3	-	_
94	71	John Howard and Co	94	_	50	5.3	7.5	11.8
225	100	Linguaphone Ord	224	_			<b>B.2</b>	86
100	92	Linguaphone 10 5pc Pf.	92×d	· —	15 O	<del>18</del> 3	-	_
850	300	Minihausa Holding NV	628		69	7.1	27 4	261
120	31	Robert Jenkins	64	+ 1	5.0	78		
60	26	Scruttons "A"	34			16.8	17.8	4.1
32	61	Torday and Carliela	75×d		5.0	6.7	3.8	6.9
444	330	Trevian Holdings	330	_	4.3	1.3	18.8	18.4
30	17	Unilock Holdings	30	<u> </u>	1.3	4.3	14.6	21.0
104	81	Watter Alexander	104	+ 1	7.5	7.2	10.3	12.5
247	216	W. S. Yeates	230	_	17.4 .	7.6	6.5	11.3
Pr	ices (	and details of services no	w ava	ilable on	Preste	i, paç	je 4814	6

# Clement Clarke (Holdings) plc.

Mr. J. H. Clarke, Chairman and Managing Director, reports on 1984:

Group Sales £18,978,000 (1983: £17,557,000).

Group Profit before tax £1,294,000

(1983: £2,151,000). Final Dividend 11.55%, making 17.33% (1983: 16.25%) for the year.

Exports at £3,125,000, an increase of 22%.

The year ahead: With the transfer of a large proportion of optical sales from the N.H.S. to the private sector from April, we expect better gross margins on turnover. The manufacturing subsidiaries are maintaining their healthy order books.

Pl

"There is demand from ou base of 50,000 customers for

base of 50,000 customers for measuring equipment and controls," says Brammer's Mr Ffoulkes-Jones. "It is not an area which has been very well served in the UK, and we think the demand should be handled through a specialty division rather than through the depot system now used by Brammer."

system now used by Brammer.

There is no doubt that the market tapped by Livingston and by its two UK competitors is still expanding and is highly profitable. But ESE still has to dispose of Neve Audio, and also has a radio telephove and oil service subsidiaries which would not fit well in Brammer. The expansion of Brammer's equity to

pansion of Brammer's equity to pay for ESE would be substan-tial, but the purchase would not result in high gearing or, pro-vided Neve is sold, heavy earn-ings dilution.

Bunzl is clearly attracted by

the growth potential and high margins obtainable in Brammer's businesses, perhaps by comparison with its lower-

by comparison with its lower-margin paper businesses. Like Brammer and ESE, it is accustomed to quick filling of customer orders, and Mr White even has experience of the bear-ings industry through a 10-year career at SKF.

be accepted by shareholders. But its management would have

suffered an extraordinary no cor

Aran's offer

for Petrolex

unconditional

Aran Energy, the Irish oil and

takeover bid for Petrolex, the

declared its £15.8m offer uncon-

Ontique

Sday June 12 1955

Alexander Nicoll unravels Bunzl's hostile bid for Brammer

# No punches pulled in bitter battle

BREVITY is just one of ding, he has turned that en-the extaordinary aspects of the battle for control of Brammer described by the battle for control of Brammer executives simply as a the bearings distribution group, social event, into a weapon Shareholders meet on Friday to decide the fate of the company just 23 days after Bunzl's hostile bid was announced, and nine days after its formal offer—since

increased—was posted.

The vote will not be on the paper group's £131m bid. Brammer's owners some 45 paper group's 2151m oig. Fram-mer's owners some 45 institutions hold a majority of the equity, will be asked to approve the f44m acquisition of Energy Services and Electronics, a company with an indifferent record overall, but an extremely successful core business: renting and selling electronic testing

equipment.
Whatever their attitued to the Whatever their attitued to the logic of the ESE purchase and to the Brammer management's record, a standard nod-through would deprive shareholders of the opportunity to take Bunzl paper worth 437p per Brammer share at yesterday's close, or 420p in cash. It is an opportunity which is bound to tempt those who held Brammer shares when they hit a 14p low last year.

heid Brammer shares when they hit a 14p low last year.

Bunzl, headed by Mr James White, managing director, has puled few punches in its attempt to take Brammer with a fast knock-out. Because it does not want to buy ESE—Bunzl's bid will lapse if the ESE deal is approved—it has had to run a lightning campaign, featuring heavy advertising, a swift increase of its initial offer and some hard words from Mr White and his merchant banking advisers, S. G. Warburg.

Mr White, 47, hrs made Bunzl a City favourite through its nimble switch firm cigarette filter manufacture into U.S. dominated distribution of a much broader range of paper and plastic products. In launching the bid for Brammer, which would bing Bunzl into a new area of distribution as well as helping to restore the UK&US. baance, he has aso dispayed a high degre of showmanship.

Bunzl raised expectations of a bid last September when it hought a 4.6 per cent stake in

a bid last September when it bought a 4.6 per cent stake in bought a 4.6 per cent stake in Brammer. Less than six months later, the stake was sold because, Mr White says, Bunzl's share price was weak after its £55m rights issue and Brammer's was too high for a full bid to be contemplated. The sale boosted Bunzl's share price and netted £1.5m profit.

£1.5m profit.
Mr White had not, however, put Brammer from his mind, their ears to the beld an apparently innocent meeting with Mr John Head, "poison-pill" ta Brammer chairman, and Mr Robbie Ffoulkes-Jones, joint managing director. Since bid-

against them.

Tough language in support of a takeover bid is now standard in the City. But there is no doubt that Mr White has warmed to the president to the pugilist's role, checkily fauntig the defence. He has alleged that he had discussed the two companies' compatibility with Mr Head, that Brammer has had a poor record in diversification and in 112 records. sification and in U.S. acquisi-tions, and that its margins have

been declining.
Bunzl's gasic tactics, in view of its passionate aversion to ESE, have been dictated by the timetable. But if its method, in

timetable. But if its method: in approaching and making a bid have been unusual, Brammer's must also raise some questions.

Mr Head, who founded Brammer's main subsidiary Bearing Services (BSL), says ESE was identified last year as a desirable acquisition and that talks were held with its chairman, Mr Frederick Rollason, and managing director, Mr Patrick Robson. Agreement could not be reached because of ESE's troublesome loss-making subsidiary Neve Audio, which makes sound-mixing equipment and was then in the process of developing a new digital system.

Despite the appearently friendly

Despite the apparently friendly relationship which had deve-loped. Brammer did not step in when ESE this year received an unwelcome reverse bid from shell company Peek Holdings, backed by former ESE executive. The bid all but captured ESE, commanding 49.7 per cent of its

equity.

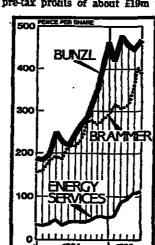
Even after that offer lapsed, Brammer moved without securing the agreement of ESE management. On May 17 it picked up 14.9 per cent of ESE's loose equity and announced a £40m bid. On the same day, Mr Rollason's consultancy agreement was extended by one year and Mr Robson's salary was increased by £7,000 to £45,000. After Bunzi's surprise bid was announced on May 22, ESE quickly agreed to a £44m bid from Brammer. Under that agreement, which would expand Brammer's equity by more than Brammer's equity by more than a third, Mr Rollason and Mr Robson are both scheduled to

Robson are both scheduled to join Brammer's board.
Brammer shareholders, in considering whether to approve the ESE purchase, must block their ears to the noise, such as Bunzl's unfair accusation of "poison-pill" tactics and Brammer's white from the Theorymer's rebuke from the Takeover Panel for taking the Panel's

Most importantly, they must consider whether the share price of a combined Brammer/ESE group is likely, in the absence of a bidder, to approach either the potential offered by Bunzl to expand its distribution of paper or the 420p cash alternative, after capital gains tax cularly of modern power transmission equipment. This is where has been taken into account.
For those considering income,
Branner has matched the dividend promised by Bunzl.

This is where ESE's Livingston Hire business, albeit mainly a rental operation, comes in.

Brammer is barred from fore-casting its share price. But City supporters would argue that the 18 per cent increase in pre-tax profits to £12m, forecast for 1985, is likely to be equalled by Brammer alone in 1986. With ESE, following the sale of Neve Audio, said by ESE to be imminent, Brammer could have pre-tax profits of about £19m in



1986, given a 46 per cent profit rise forecast for ESE this year and a somewhat smaller increase next year. A price/earlings multiple of about 15 would put Brammer's share price close to the 420p cash offer, according to Though it is not clear how he would achieve an increase in Brammer's margins, there is no doubting Mr White's management skills. The City kudos attached to Bunzi's revitalisation made it one of the stock market's strongest performing shares last year. This year, the announcement of a rights issue produced an extraordinary 40p increase in its share price to

Brammer supporters.
Brammer is not a traditional Brammer is not a traditional takeover target with profits just around the corner. It has built up a high reputation in the City for its consistent growth, and considerable respect in its own marketplace. Mr David Ewart, chairman of key supplier RHP, says: "We have had an excellent relationship with Brammer as a major customer. We value that relationship highly. They are an efficient outlit and have looked after us in our own times of trouble."

With a dominant 40 per cent

If Brammer loses, it is not certain that it will be sold to Bunzl. The offer still remain; to With a dominant 40 per cent share of the UK bearings distri-bution market, Brammer has commanded high margins, despite Mr White's disparaging remarks. By a series of acquisi-

### **Premier Oilfields** surges to £4.5m

By Dominic Lawson

PREMIER Consolidated Oilfields, the UK oil exploration company yesterday announced taxable profits of £4.5m for the year to March 1985, easily overtaking the previous year's pre-tax return of film.

The main reason for the record result was the first in-come from Premier's one eighth stake in the Wytch Farm oilfield, acquired in May last year
Premier also managed a
turn round in its Trinidadian

operations, replacing a string of losses with after-tax profits of £262,000. Mr Roland Shaw, Premier's

rumbustions chairman, pro-claimed that this was "the first year in which the com-pany had come up with solid high quality earnings, which will provide us with a base for future growth and will shelter us from oil price un-certainties." One less solid element in

Premier's results was an ex-change gain of £1.1m, as the company realised the bene-fits of an earlier switch of liquid assets from sterling in-to dollars, when the exchange

to dollars, when the exchange rate was about \$2.40.
Turnover reached £9.8m (£5m in 1984) with UK oil and gas sales accounting for over 50 per cent, and the balance, together with Trindad sales, coming from Italian gas and Greek and U.S. oil production. production.

Operating profits were £3.2m against a £110,000 loss in the previous year. Interest and dividend income of £1.5m were largely offset by an interest bill of £1.2m. After-tax of £791,000, profits were £3.6m, as against just £42,000 last year. Earnings per share were 2.34p (0.03p), but Premier will not be paying a dividend, and is sticking to its policy of offer-ing shareholders a one-for-

ten share bonus issue.
Yesterday Premier's share price gained 2p to close at 49p, compared with the equivalent of 70p which Carlors but of 50p which Carlors but of 50p with its cum less had offered with its own all-share bid.

comment

Having only recently escaped from the clutches of Carless Capel, Premier Consolidated Capel, Premier Consolidated Oilfields has got into the habit of looking over its shoulder. This is at least part of the reason for the up-beat tone of yesterday's statement. Although it is nice to see income flowing from Wytch Farm, it is anykey, as with all oil explora-tion companies, is future. If only BP can get local planning authorities to agree, a doubling of Wytch Farm of next year. Similarly, Premier has come into some luscious acreage just off the Dorset coast, in the ninth round of oil licences, but a great deal of local goodwill may be needed to turn those fine prospects into oil and then into money. Perhaps the best news actually in the results was the sudden improvement in Trinidad, which had previously been something of a drain on manpower and revenues. This now seems set to be a re-liable source of income for some time to come. But investors in Premier are the investors in Premier are the sort who want more than sensible cash flow and a clean balance sheet. They want excitement. The best bet for that must be Premier's mammoth spread of acreage in the unexplored Mid North Sea High. The first well on this tract is likely to be drilled this year. It could be a bonanza, but the odds must a bonanza, but the odds must be at least 50 to 1 against. At 49p up 2p, the shares are

# ditional. Aran, advised by Baring Brothers, said it had received acceptances from Petrolex shareholders representing 49.1 per cent of the company's equity. Together with 1m shares (6.4 per cent) acquired by Aran on May 14, the Irish company now owns or has received acceptances for a total of 8.68m shares or 55.5 per cent of Petrolex's issued share capital. Aran's last-minute bid for

issued share capital.

A. an's last-minute bid for Petrolex topped an agreed 113.4m bid by Saxon Oil Saxon's advisers. Schroders, said yesterday that its offer would remain open until June 21 or until Aran directed its offer wholly unconditional. Aran's share and eash alternative closes on June 17.

Resource approach

Resource Technology, the Luton-based electronics supplier, said yesterday that it had received an approach from a potential bidder. Resource shares rose to 43p before closing at 40p, up 10p on the day. A further statement is expected today.

# A £290m start for big Olympic Dam project

BY KENNETH MARSTON, MINING EDITOR

Just 10 years from the dis-covery of the huge mineral deposit the partners have decided that an initial one-third capacity underground mining develop-ment in commercially viable. It wil cost some A\$550m (£290m) and reach first production in

tion will begin in 1987 at an oxide, 0.6 g per tonne gold and

year, rising to 55,000 tonnes in cent copper. 0.8 kg per tonne THE GO-AHEAD has been year, rising to 55,000 tonnes in cent copper. 0.8 kg per tonne signalled at last for the conthe fourth year while the pro-uranium oxide, 0.6 g per tonne troversial Olympic Dam copper-jected annual uranium oxide gold and 6g per tonne silver. The uranium-gold project in South production will be 2,000 tonnes.

Australia of Western Mining (51 The partners, who are 10 per cent) and British Petroleum decide on a construction start (49 per cent). date during the next six months, envisage that annual out att levels could eventually rise to at least 150,000 tonnes of copper together with associated pro-

The deposit, one of the world's biggest, has been divided a peight mine areas. Indicated 1987. reserves have been put at 2bn
This phase will have a life of tonnes grading 1.6 per cent at least 15 years. Gold productonnes grading 1.6 per cent copper, 0.6 kg per tonne uranium

extension of the currentlyhigher grade ore, it is stated. Sales talks have begun and potential customers for the copper have been identified in Europe, the Far East and Australia; those for uranium are in Europe, the Far East and the

U.S.
Under the joint venture arrangement BP was given its 49 per cent interest in return for ensuring that funds were available to finance the cost of That of copper and uranium will follow in 1988. Initial copper output will be 30,000 tonnes a silver.

3.5 g silver.

Within this reserve there is an full propected capacity, estimated 450m tonnes of higher of which have ranged over a grade material containing 2.5 per available 10 finance the cost of bringing the operation up to its full propected capacity, estimates of which have ranged over as a silver.

# Tebbit stays out of Phoenix row

MR NORMAN TEBRIT. the Secretary of State for Trade and Industry, has blocked moves to draw the government into the increasingly bitter boardroom row at the Phoenix Timber the identity of the trust's beneficially to the trust's beneficially the second trust of the trust's beneficially to th

discover the identity of beneficiaries of certain trusts which have large holdings in the company. The request came from Mr Michael Hermann, the trustee who, along with a group of shareholders, wishes to take effective control of the company without making a bid.

Mr Tebbit has told lawyers acting on behalf of Mr Hermann that the government is not pre-

pared to grant exemption from exemptions made so far under

Group.

Mr Tebbit was asked to prevent beleived to be Soviet Jews and relatives of the company's foun-der, Mr Alexander Gourvitch.

Mr Hermann had argued that to reveal the Russians' identity could put them in danger in the Soviet Union. The Government took the claims seriously but took the view that one way to protect the beneficiaries would be if Mr Hermann and his sup-porters withdrew from the broadroom battle. Mr Herman and his supporters

control about 30 per cent of the Phoenix shares. More than half of those shares are in Mr Her- objections.

The dissident shareholders have mobilised enough support general meeting to put three new directors on the board: Mr Geoffrey Hoffman, Mr David Edelman and Mr Michael Teacher.

In aseparte development yesterday. Mr Hormann and his supporters were forced to delay issuing a hard-hitting circular to shareholders criticising the Phoenix management and ex-plaining why they have forced an EGM.

The delay was apparently caused by legal objections to the phrasing of a proxy drawn up by Mr Hermann's side. Mr Hermann said the circular would definitely be sent out today (Wednesday) despite Phoenix

# Osborne & Little beats forecast

Osborne & Little, the Wallpaper and fabric designer, comfortably beat the pre-tax profits forectast made when it came to the USM earlier this year. At the time it was expected that profits would double to £735,000 but for the case to the end of March the year to the end of March the figure was 1763,000, compared with the £305,000 for the pre-

The chairman, Sir Peter Osborne, says that the year finished strongly and adds that the first two mouths of the present year have shown an encouraging improvement over the corresponding period in 1984-85.

The result was achieved on turnover up by 47 per cent to £4.27m from £2.91m the previous year. Exports rose by 56 per cent to £1.17m (£752,000), repersenting 27 per cent of turnrover, up from the previous year's 26 per

from the previous year's 26 per cent.

and no extraordinary items com-pared with a debit the previous year of £76,000. attributable profits came out at £443,000 (£107,000). Earnings per 5p share were 6.55p. up from the 2.71p figure for 1983-84.

As stated in the prospectus there will be no dividend for this year. It is intended to make the first payment at the interim comment

Osborne and Little has beaten the 735,000 forecast made four months ago when it came to the USM by a margin just large enough to keep its shareholders happy. The company has now reached a size where it can no enough to keep its shareholders their Osborne and Little happy. The company has now reached a size where it can no longer be expected to double its profits as it has done in each of the last three years, although it is hatching enough plans for ex-

smarrly. Six new wallpaper and fabric collections are being launched this month, representing a 30 per cent increase in the existing range. Bed linen in six different colour ranges will be in the shops by the spring, and the company is also designing its first range of tiles and lamps. It is opening a showroom in Isling-ton to service the contract mar-ket for which the company is adding a new line of fabrics. It is now looking for three more showrooms in and outside London, and is also increasing its export efforts particularly into the U.S. market. Marks and Spencer has ordered four new colours for

# MAI plans restructure of Lloyd's broking side

Mills & Allen International has revealed plans for restructuring under which Mills acquired the its Lloyd's insurace broking interests to enable it to concentrate and the Andrew & Booth retail

insurance broking company. Paul rance and marine accounts for the business of Hugh Paul and of a consideration payable over two the business of Hugh Paul and of a consideration payable over two the business of Hugh Paul and of a consideration payable over two two the business of Faul and of the present figure of £1.4m.

At the same time it has agreed to sell the controlling interest in David Gyngell Insurance brokers (formerly EGIB) to the and General Insurance Brokers (EGIB).

The Bradford and EGIB businesses were acquired as part of necessary consents.

its resources on selected specialist areas which have good growth prospects.

The group's present Lloyd's insurance broking company, Paul rance and marine accounts for

# Rush & **Tompkins**

£4m deal

Rush & Tompkins Group is to pay f43m for a Central London portfolio of office investment properties from General Accident Fire and Life Assurance Corporation.

The portfolio consists of properties in Grosvenor Gardens, and Mortimer and Wimpole Streets, and provides 82,000 sq ft of net space. All properties are fully let and produce an annual rent in excess of £410,000. Chartered surveyors believe Chartered surveyors believe that the current open market value is more than the price paid and that after some refurbishment and restructuring of leases, the value of the portfolio could be significantly

# The Fleming Far Eastern **Investment Trust plc**

-		
170.8m	170.0m	+0.5
331.2p	329.6p	+0.5
3.00p	2.00p	+50.0
-	331.2p	<b>331.2p</b> 329.6p

Mr M.B. Baring, Chairman, reports:

The outcome for 1985 is not surprising, given the volatility of the Japanese and Australian markets, the poor performance of Singapore and Malaysia, a deteriorating outlook for exports from that area, and widely fluctuating exchange rate movements. However, a final dividend of 2.5p is now recommended-a total of 3.0p for the year-representing an increase of 50% over last year's dividend. In addition, a capitalisation issue of 2 ordinary shares for each share held was announced.

Outlook for the Current Year

We expect to be able to concentrate our portfolio in those areas with greater potential for growth and use the periods of weakness and uncertainty to acquire investments.

Copies of the Annual Report and details of our recently announced dividend remoestment and savings scheme are available from the Secretary, Robert Fleming Services Limited, P&O Building. 2nd Floor, 122 Leadenhall Street, London EC3V 4QR.

in connection with the Placing by Equity Finance Trust Limited in association with Scringgeour Viclees & Co. of 2,173,910 Ordinary Shares of 10p each in Prontaprint Holdings Limited ("the Company") together with an equal number of related "B" Ordinary Shares of 1p each of Prontaprint PLC at 138p per Ordinary Share of the Company (including related "B" Ordinary Share). Application has been made for the grant of permission to deal on the Unlisted Securities Market of The Stock Exchange in the Ordinary Shares of the Company. It is emphasised that no application has been made for these securities to be admitted to listing.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

# **PRONTAPRINT** HOLDINGS

(A company incosporated in Jersey on 10 January 1983 under the Companies (Jersey) Laws 1861 to 1968

Share Capital

Authorised £1,000,000

Ordinary Shares of 10p each

Issued or to be issued and fully paid £730,000

Shares have been offered to and are available through the Market. Full information regarding Prontaprint Holdings Limited and Prontaprint PLC is contained in the Extel Statistical Services and in a Prospectus dated 11th June, 1985, copies of which may be obtained during normal business hours on any weekday (Saturdays and Public Holidays excepted) up to and including 25th June, 1985 from:

**Equity Finance Trust Limited** Dauntsey House Frederick's Place London EC2R 8HN

Scrimgeour Vickers & Co. P.O. Box 21 20 Copthall Avenue

London EC2R 7JS

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

CRANBROOK ELECTRONIC HOLDINGS plc (Incorporated under the Companies Acts 1948 to 1976. Registered in England No. 1507697)

SHARE CAPITAL

Authorse 4500,000

Raphael, Zom of 1,165,320 Ordinary Shares of 5p each at 78p per share

The Cranbrook Group is a leading distributor and technical stocking representative of high technology active slectronic components and sub-systems principally for established North American, European and Fer Eastern number towers. It also designs and manufactures its own board level products and microprocessor based systems.

Application has been made to the Council of The Stock Enchange for the grant of permission to deal in the whole of the issued share capital of Crabrook Electronic Holdings pic in the Unlisted Securities Market. A proportion of the shares being placed is available to the public through the market during market hours today. It is emphasised that no application has been made for these securities to be admitted to listing.

has been made for these securium to be summed to assume.

Particulars relating to the Company have been circulated in the Extel Statistical Services and copies of such particulars may be obtained during usual business hours on any weeking (Saundays and public holidays excepted) up to and including the best processor and processor of the basic and including the basic processor of the basic processor. 26th June, 1985 from:

United Trust & Credit PLC 55 Grosvenor Street London W1X 9DA

Raphaci, Zora 10 Throgmorton Avenue London EC2N 2DP

# sales ahead 7 per cent from \$150m to \$160.44m (£102.8m).

**COMPANY NEWS IN BRIEF** 

Industries' offer for Hambro Life have been recieved in respect of 65,269 Hambro Life shares (0.05 per cent). BAT therefore owns or has recieved acceptances in respect of 120.45m shares ((99.66

printing and publishing division and be renamed Harrison Decorative Papers, working with Suits existing company, Harrison and sons of High Wycombe.

Reckitt & Colman Australia, the 69.73 per cent owned offshoot of the UK parent, raised pre-tax

\* \* \*
The rights issue by Suter has attracted acceptances in respect of 8.66m new ordinary 5p shares, representing 86.4 per cent of the respect of 120.450m shares (199.66 representing 80.4 per cent of the offer. The remaining 1.38m shares have been sold in the shares have been sold in the ments (SUITS) has bought Wiggins Teape Orchard of Christichurch. It will become part of the stratum and publishing distributed to non-accepting and publishing distributed to no

just marking time.

Thomas Locker (Holdings). the Warrington-based general engineer, increased pre-tax profits in the year to March 31 1985 by 10 per cent to £2.48m (£2.25m) on turnover up by £3m to £29.3m. of the UK parent, raised pre-tax proposed, making the total pay-profits by 14 per cent from ment 1.295p (same). Earnings A\$17.7m to \$20.16m (£12.9m), on per 5p share were 3.15p (3.19p).

### **BOARD MEETINGS**

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interime or finals and the subdivisions shown below are based mainly on least year's timetable.

TODAY
Interims: Ashdown Investment Trust, Body Shop International, Chemring, El Oro Mining and Exploration, Exploration Company, Reaburn Investment

Oro Mining and too Company, Raeburn investigation Company, Raeburn investigation Finals: Bessett Foods, Beacham, Efficients, Dort, Dominion International, Lelectra Investment Trust, Gea/Rosan Organisatron, Great Portland Estates, Mand G Second Dual Trust, Oceana Development Investment Trust, Pilking-

ton Brothers, Rowlinson Schröder Money Funds. Slaters Food Producte, Sound Diffusion, Tesco, Tex Abresives, Valor. FUTURE DATES

IT IS difficult to think of Pilkington Brothers, the world's largest maker of flat glass, as lean and mean,

At its headquarters in the quiet Merseyside town of St Helens, Pilkington has been the epitome of the long established, family controlled, paternalistic company, providing virtually a private welfare state for employees and pensioners and their families.

And in the small club of international glass producers. Pilkington has long been known as a bit of a softy, a company that has not had to work as hard as the others because of all the money it was making by selling its now universally adopted float glass technology.

Antony Pilkington, chairman since 1982, seems to fit perfectly into this culture. Polite and phlegmatic, with a dry self-deprecating humour, he gives the impression that he would be more comfortable in the members' pavilion than in the

members' pavilion toan in the executive suite.

But the word in Paris and Pittsburgh, the homes of the group's biggest competitors, St-Gobain and PPG Industries, as well as in St Helens is that Pilkington, under his leader-ship, is changing dramatically in shape and mood.

Starting from the top, the board of directors has been cut from 17 members to 12, and compulsory retirement at 63 introduced. Responsibility for the operating divisions has been wrenched from individual board members and given to young chief executives.

At the shop-floor level, Pilkington still takes care of its people, but it also demands more of them. The company has halved its 18,000 labour force at St Helens in the past five years, and pushed through a major overhaul of work practices. At its new Greengate float glass plant, for example, eight categories of production worker have been boiled down to one class of glassmaker. Everyone is

But these are just the out-ward signs of a radical change 1980s as the patents expired. ward signs of a radical change 1980s as the patents expired in the group's underlying And, ironically, the adoption business philosophy. After their of the float process by other dazzling success in the 1950s glassmakers was undermining with float technology, Pilking-Pilkington's competitive edge in ton's process engineers, led by the market. "We realised that Sir Alastair Pilkington, held the quality of glass (made by clear sway within the group. the leading producers) these They could pull off other supplied that they could pull off other similarly profitable feats and the only way to get an edge on

**SALES** TRADING Licensing \_40 Income '81

# Pilkington seeks a marketing edge

Ian Rodger explains the UK glass group's revitalised strategy

high hopes for CemFil, a glass fibre additive for concrete, and a couple of other developments. but none caught on in a big

Meanwhile, the props for the glassmaker. Everyone is group's relatively comfortable salaried and no one is paid for life were eroding. Licence overtime. similarly profitable feats and the only way to get an edge on continued to lead from the laboratory for the subsequent two decades.

Unfortunately, however, there were no successors to float. In tradition that based its success

on operating complex plants. We almost need to grow a new breed of person." Pilkington's recognition of

its need for new initiatives coincided with a rare opportunity to expand its position in the world glass industry. In 1979, BSN-Gervais Danone of France decided to sell its glass-making businesses in France, West Germany and Belgium. Although the glass industry was mature and some people argued that the group should be diversifying away from its base, Pilkington felt it was better to stick to something it under-stood, and so made a bid. The West German Cartel Office refused to allow it to buy all the BSN subsidiaries so it took only Flachglas, the German one,

Libbey-Owens-Ford. the second largest U.S. producer. Even though Pilkington was by then suffering from recession, it decided to make the £64m

These huge new commitments to the glass industry sub-stantially increased the pressure on the directors to run their existing operations better than before. Their problems were particularly acute in Britain.
"From May 1980, we had two years of steady monthly lo in the UK," Antony Pilkington

Until five years ago, the group had a near-monopoly share of over 80 per cent in the UK flat glass market, but that made it shy away from competing with its customers in downstream Three years later, another glass fabricating markets. Even opportunity came along, this today, it processes only about a time to buy a 30 per cent stake fifth of the glass it makes in the

UK whereas Flachglas, its West German subsidiary, sells 60 per cent of its glass to wholly owned downstream businesses Now that Pilkington's share of the UK glass market has dropped to about 50 per cent, it badly needs to boost its presence in finished products.

Until the new breed of person Antony Pilkington speaks of comes along, the group is taking a number of steps to increase its market sensitivity and speed its decision-making process. The first step has been to loosen relations between the board. with its links with the past, and the operating divisions, which have to deal with the new world.

As of next year, there will be only seven executive direc-tors and five outside directors. Also, the executive directors no lenger chair the boards of the ave operating divisions. The divisional chief executives have clear responsibility for budget ing, manufacturing, marketing, dividend policies and industrial relations

(Capital spending will kept under tight central rein, at least for a while. The group has invested £380m on plant in the past five years and intends to curb spending until its existing assets yield better returns.)

A link to the board is maintained through a so-called sponsoring director through whom a chief executive can lobby the board or hear its thinking on capital spending or new policy directions.

A complex board committee structure has been simplified because of Antony Pilkington's suspicion that committees tend to block decision making

The planning process has been altered to reflect the in-creasing diversity of the group's businesses. Previously, there were large semi-annual meet-

ings where every division argued its case.

Even the group's vaunted central research and development laboratories have participated in the change. Previously, the emphasis was on process improvements, such as float. Now it is strongly oriented to product development half of its £16m annual budget is spent on projects chosen by the operating divisions.

Whether all this will be mough to make Pilks a more lively and profitable competitor in the glass industry remains to be seen, but it has made its competitors sit up and take notice. And the 1984-85 financial results, which are to be published today, are expected to show the continuing strong upward trend that has been apparent for the last two years.

# Colleges woo employers

BY ALAN PIKE

ing success.
Within days of the recent pub-

lication of the higher education Green Paper, with its themes of service to the economy and commercial exploitation of col-lege activities, Marketing Pick-up was launched. Its objective is to help universities and further education colleges market their services in the growing —and increasingly competitive

—field of adult training.

Marketing and higher education are not two concepts which have enjoyed a natural affinity in the past, certainly so far as the UK is concerned. The idea

moting courses that are already over-subscribed.

But things are changing. An increasing number of universities and colleges, under pressure of financial stringency and Government efforts to promote closer links between education and industry, are trying to mar-ket themselves with a new awareness and professionalism. Marketing Pickup is an important attempt to give this new outlook wider circulation.

Since the Pickup (Professional, Industrial and Commercial Updating) project was established three years ago it has developed a series of pro-grammes designed to help colleges identify ways in which they can meet adult training needs. The marketing pro-gramme — a new aspect of Pickup — is intended to give academic staff the skills

Adult training is an important area for market conscious col leges to enter. Changes in technology and materials are greatly increasing employers' needs for flexible, sometimes individually designed, courses to update the skills of their staff.

Many colleges are ideally placed to meet these needs. But this is not always appreciated by employers. And the field is a competitive one—both the Manpower Services Commission's Skillcentre Training Agency and private training organisations are after the biggest possible

in the past, certainly so far as the UK is concerned. The idea of the commercial promotion of their activities comes no more naturally to some academics than it does to some bishops.

Consequently, as one academic at the Pickup launch observed, marketing has usually been confined to mounting a few amateur-looking stands at careers exhibitions, often promoting courses that are already over-subscribed.

are after the biggest possible stare of the market.

Marketing Pickup is a boxed to help colleges understand what marketing is about, and apply its principles to the promotion of their adult training products. At £149, each boxed set provides study material for five staff, tutor workbook, slides careers exhibitions, often promoting courses that are already over-subscribed.

in the price.

"Stage one of the seminar will take the form of an attack on the vice-chanceHor, principle, or whoever else in the hierarchy of a particular college is holding up, the marketing of its of a particular college is holding up the marketing of its activities," says Roy Lewls, principal of Wigan College of Technology and joint editor of the pack. "Then we will get down to training the person who will be responsible for running the Marketing Pickup programme."

Ideas in Marketing Pickup gray upon experiences at Lewis's college, which already enjoys a high reputation in the academic world for the facility with which it markets its activities. Wigan College has estab-

vities. Wigan College has estab-lished its own publishing house and newspapers as a means of reaching potential customers, and surpluses from running

A CERTAIN sense of timing necessary to sell their training short courses are used to pump pointed towards a sure market expertise as widely as possible. prime other activities including the search for new business.

"We send people out to get business, and we found it as far away from Wigan as Scotland and Cornwall." says Lewis.

"My staff do not only teach. All heads of department spend considerable time out in the field."

Marketing Pickup consists of an introduction and units covering four broad themes: Marketing through research: Product and place decisions; Promotion decisions; and Pricing decisions. Lewis's joint editor and prin-

cipel writer of the pack, Graham Robinson, director of Wigan College Management Centre, insists that if colleges are going to attract more commercial cus-tomers, they must themselves

become more commercial.

"A college must get its products right. It must deliver them to the right place at the right time. And it must make right time. And it must make provision at the right price—the price which represents good value to both the buyer and seller. Marketing puts the customer at the centre of college strategy.

The persons of the Market.

Two versions of the Market-ing Pickup pack will be available—one for universities and the other for polytechnics and colleges of higher and further education. Demand is likely to be strong. Last year 1,000 col-lege staff took part in workshops on marketing skills run by the Pickup team. It is hoped to sell 600 Marketing Pickup packs by Christmas.

"If we are going to expand adult training we have to live in the market place and sell to industry," says Dr Will Bridge, DES Pickup Programme manager, "Education and training is melicing that it has a low is realising that it has a lot to learn from marketing profes-

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# 1985

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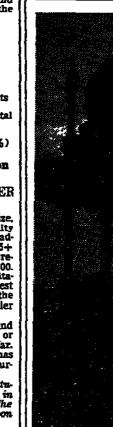
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# FINANCIAL TIMES SURVEY

Wednesday June 12 1985



### BUSINESS AND TOURISM CENTRE SET UP

WITH the opening of the Wales Centre in Piccadilly today by Mr Nicholas Edwards, Secretary of State for Wales (above), the Welsh have achieved an ambition that goes back 15 years.

They have watched with a mixture of envy and admiration the success of Scotland, whose prestige suite of offices just off Trafalgar Square, fronted at street level by an eye-catching showroom, has acted as a Mecca for

As far back as 1970 an attempt was ma —following a Wales in London Week—to find premises in the centre of London that could act as a focal point for the country's industry, commerce and tourism. That and other

Today Wales has a centre at 34 Piccadilly. that can stand comparison with the best.

The Wales Centre is next to the Piccadilly Hotel, being given a facelist, and opposite St James, one of London's historic churches. Near neighbours include Simpsons, Fortnam & Mason, Hatchards. Eros, when it returns, will be just 100 yards away, pre-

siding over Piccadilly Circus. The centre is essentially about tourism and attracting holidaymakers to Wales, especially from overseas. But it is also a meeting place for industry and commerce.

The Welsh Development Agency and Mid-Wales Development, which looks after the economic affairs of rural mid-Wales, have joined the Wales Tourist Board in launching the centre. For the first time there will be one outlet in the heart of London to promote

MR NICHOLAS EDWARDS, the Secretary of State for Wales, was in slightly less than his usual ebullient mood when he opened a recent Commons Welsh Grand Committee debate on the Welsh Economy.

BP had just announced the shutdown of oil refining at its Llandarcy refinery in Swansea with the loss of 750 jobs and Courtaulds the closure of its last two big North Wales sites with the loss of 1,100 jobs.

"Whoever holds my office, whatever government is in power, whatever policies are pursued, there is no escaping the fact that we live in a time of vast technological, economic and industrial change, and that will continue." Mr Edwards told the committee.

"However rapid the economic However rapid the economic growth we achieve—even if unemployment falls sharply—companies will have to close plants, people will lose their jobs and there will be painful consequences for all involved."

To prove his point wore was

To prove his point more was to come. Last week Lucas Girling announced that up to 800 jobs would go at Cwmbran and Pontypool.

At the same time Mr Edwards was under attack for the Government's failure to secure for Wales a major invest-ment project by LSI Logic, a rising star of California's silicon walley. The company opted at the last minute to go to West Germany, citing lack of clarity in British government policy, though it was delighted with its treatment and the site in Wales.

The biggest single source of foreign investment continues to be the U.S. But with the arrival of the Sharp Corporation and Brother Industries in Wrexham, Wales has been able to

During his six years of office—the longest of any Welsh Secretary—Mr Edwards has vigorously championed the Government's economic policies. In spite of their severe impact on employment he has argued that for the second year running lost jobs would be replaced by new ones in modern, expanding of the total investment coming employment he has argued that lost jobs would be replaced by industries.

Certainly new sectors of plant, not least in the still-Anthony Moreton important steel industry. There 1984-85 a record 1.5m sq ft was total there has been a dra have also been marked improve- occupied, reducing its stock of cut in housing expenditure.

Six years of Conservative government have triggered major economic changes and helped capture a quarter of UK inward investment. But in spite of successes, unemployment is set to rise

# A long and painful slog

By ROBIN REEVES

But what was billed in 1979-80 as a short, sharp, shock treat-ment aimed at making the Welsh economy more efficient and internationally competitive through such instruments as its — beginning with 25,000 redundancies in the steel industry in 12 months—has turned into a long, painful slog, in which has pushed up its lettings total

timing.
On the credit side since May 1979, when Mr Edwards took over the Welsh Office reins

ham, Wales has been able to maintain its boast of having the UK's largest concentration of Japanese manufacturing plants. Furthermore, although beaten in the competition for

into the UK.
The Welsh Development

ments in industrial infra- unlet premises to 12 per cent Investment in trunk road imof the total portfolio. provements has been maintained at a high level, with an average of £115m, spent in the The agency is now giving greater prominence to its merchant banking role and invest-ing more than £1m a month

the growth in the number of to 200,000 sq ft in 1984-85 as people looking for work is con- well as playing a pivotal role in to 200,000 so ft in 1984-85 as securing a major Laura Ashley expansion project. Latest industrial trends sur-veys from the Wales CBI also

over the weish Omce reins veys from the wates CD1 also also manufacturing plants have opened in Wales employing Business optimism among some 17,000 people. They include 55 foreign-owned plants on an upward trend since last

include 55 foreign-owned pursue of include 55 foreign-owned pursue employing 4,500, and an estimated 10,000 jobs in aided Demand has improved substantially and the rate of instantially and t Growth in output is expected to be the highest since 1979. • Investment intentions have improved, with expansion of capacity rather than just modernisation of plant becoming a significant consideration. Numbers employed by manufacturing are increasing

• The sharp rise in unit costs is expected to moderate. Export deliveries and prices have improved considerably, a trend expected to continue.
In spite of rhetoric about

Welsh industry have sprung up or expanded dramatically. Giant strides have been made by space built as a political relating public expenditure, or expanded dramatically. Giant strides have been made by space built as a political relating public expenditure, gross capital spending under the course of the cours the rundown of steel. During in 1976-77, even if within the 1984-85 a record 1.5m sq ft was total there has been a drastic

past three years. This is due to a rise of £126m over the next three years as projects on the drawing board for years are built, such as the A55 expressway across North Wales and the A470 dual-carriageway to Merthyr Tydal. A significant amount of private investment is being

stimulated by urban develop-ment grants. An outlay of £19m towards 28 projects is promising to lever private investment to create total spending of £102m and the creation of 3,500 jobs.

Most prominent is the redevelopment of a significant slice of Cardiff's derelict dockland for housing, business and leisure. The Land Authority for Wales is using its compulsory purchase powers to assemble the land and clean titles so that building can begin shortly.

Many Welsh local authorities

are also doing what they can within limited budgets to stimulate new industry. None of this has been suffi-cient to dent Wales's historically high level of unemployment, however.

stands at 174,400, or 16.4 per cent (seasonally adjusted), compared with 80,000 or 7.3 per cent when the Government came to power. For every vacancy there are now 25 applicants and the number unemployed for more than a year is 73,000, almost as much capital allowances cut.

as the total unemployed six

Indications are that this will get appreciably worse. A study by University College, Bangor, Economic Research Unit calculates that in spite of this year's Budget emphasis on job creation, the Welsh jobless level is set to rise to more than 200,000 (above 18 per cent) over the next 18 months.

The Bangor unit estimates the full extent of the current labour slack in the Welsh economy at around 250,000—equivalent to an unemployment rate of 22 per cent.
On the other hand, the unit

suggests that given a modest fiscal stimulus to GDP growth, on the basis of the Chancellor of the Exchequer's projections unemployment in Wales could

But not only are there no signs of that happening, the Government in the meantime is pursuing two policy objectives which create difficulties for Wales: 11 is ending subsidies to the coal industry over the next two years and cutting back

regional aid.
Scenarios for the future shape of the Welsh coal industry, in the aftermath of the year-long strike range from the loss of six pits and some 3,000 jobs to the disappearance of at least 18 pits and 12,300 of 20,000 jobs.

Whatever happens, it is clear that any investment in new capacity, such as the proposed new coking coal mine at Margam and in anthracite reserves, will not make up for

Regional aid, under the reshaped policy announced last November, is due to decline by some £60m a year in Wales by 1987-88—half the present level of aid. Welsh Office officials cient to dent Wales's historicals ally high level of unemployment, however.

The number out of work stands at 174,400, or 16.4 per cent (seasonally adjusted), compared with 80,000 or 7.3 per cent when the Government came to power. For every 10,000 or 10,00

changes may have been masked by a rush of corporate invest-

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Finance

ANTHONY MORETON

CONSERVATIVE Cabinet ministers are not normally given to rocking financial boats. It was therefore with some surprise that the Welsh financial community heard Mr Nicholas Edwards, the Welsh Secretary, accuse the City of London in March of doing less than it might to encourage investment in Wales and other traditional manufacturing centres.

Since Mr Edwards launched his attack before Cardiff Business Club rather than at some obscure political meeting be achieved maximum impact in Wales and the City.

The Welsh were delighted. They had claimed for years that the lack of a financial nexus in Cardiff, such as in Edinburgh, was a brake on development of the Weish economy.

The City was less enchanted. And because the minister — a former Lloyd's underwriter had coupled his criticism of the City with a specific allegation against a company he was forced to eat his words in pub-

In spite of the public retraction, the essence of what Mr Edwards was saying is true. Cardiff has a small financial community because institutions have largely ignored both Wales and the needs of the Welsh economy. In turn, the Welsh economy has suffered because investment and other decisions



The St David's shopping complex and its asso ciated National Concert Hall, opened less than three years ago, have transformed the centre of the Welsh capital and boosted the city's attraction to shoppers throughout South Wales

have been based on decisions than Edinburgh and not as taken elsewhere, usually in Lon-

don. Mr Edwards was wrong, however, in the assumption — not made by him but advanced by some supporters — that this was a relatively recent phe-

Wales has never had a strong financial community. When coal was king, and the Cardiff stock market flourished, there was a reasonable financial infrastructure. But those days ended with the Edwardian era and World War One, and were re-created only in shadow form in the inter-war years.
In the 1980s Cardiff, a weak

strong as either Manchester or Comparisons with Edinburgh

are pointless, because Scotland's different history and legal system have created a financial centre that is the envy of many countries, let alone the

Cardiff suffers even by comparison with cities such as Bristol, Southampton and Leeds, however, which all have representative offices of the Bank of England. And Man-chester and Liverpool each has a thriving and distinct inter-locking network of financial markets and institutions.

partly the fault of Welsh business itself. Mr Nick Thornton, a director of the Commercial a director or the Commercial Bank of Wales, says that for successful businesses there was a cachet in being able to say that its affairs were being handled in the City. "It is very difficult, given

The failure of Cardiff is

this attitude, for flowers to flourish in Cardiff's bare soil." flourish in Cardiff's bare soil."

The point is taken up by Mr
John Hensman, general manager of the Principality Building

Over the past 20 years Cardin centre in its Cardin nean-flower an indigenous quarters this autumn. This will not turn Cardiff into a financial centre overnight, but it will be another step in that direction.

Chemical Bank and Chartered Trust, part of Standard Chartered Bank), all the leading firms of international accountants, one or two large and internationally-minded firms of solicitors, and various brokers. A small stock market also clings to life.

Lazards has joined the WDA in the Venture Capital Fund and at least three other merchant banks are looking to develop their activities in the Welsh capital. The four main clearing banks have established regional centres in Cardiff and there is an academic pool within the two universities concerned with finance and banking

This adds up to a less impressive sum than might appear.
"What is missing is 'critical mass'—the interlinking of skills required to provide a range of activities," Mr Thornton says. "Cardiff has no cross-fertilisation of organisations such as in Jersey or Guernsey.

"There have been stirrings recently of indigenous firms of solicitors and some other professions, and these have been joined by the accountants. This is a good thing, but not too much should be made of it yet." Sir Donald Walters, a director of Chartered Trust, says the problem reflects the narrow base of Welsh industry.

"When steps were taken to broaden the base Wales suffered from the branch-factory syndrome. All the main financial decisions were taken elsewhere, and who needs top-level bankers for less than top-level banking

decisions? " What is needed is variety. The Commercial Bank of Wales has shown what might be done. It has set up a full commercial banking service paying atten-tion to the small and mediumsized business market, includ-ing provision of risk capital, technological support, and con-sultancy work on top of conventional banking.

It will create a business Over the past 20 years Cardiff centre in its Cardiff head-

least 40 more in the near future. Turnover has risen to about £100m, with the company growing at between 20 and 25 per cent a year recently. All this provides a lot of work for the textiles and garments

Crisis meetings were held in Cardiff and Carno, with London

The Welsh Office sent Mr Jim

Driscoll, a BSC (Industry) man on secondment, as its industry director to Newtown. Mr Ray Hook, his London counterpart,

went to Holland with Mr James

and Mr Adam Lofthouse, the

company's production director,

to see what the Dutch were

The package involved an investment premium and a

regional component of the investment account scheme, which

would have met some 39 per cent of the cost of the building

and 37 per cent of the

"On top of this the cost of borrowing was much lower." Mr James says. "We would have been paying 7½ per cent against a comparable 11 per cent here."

A joint solution was proposed by Mr Driscoll and Mr Garbett-

a development area would qualify for grants.

Favourable

kept in tou

offering.

machinery.

● A recent arrival: Comdial Communications Corporation's major new £13m plant at St Mellons on the outskirts of Cardiff. The highly-automated facility will shortly commence manufacture of advanced telecommunications equipment

# Industry hit by hidden EEC limit on pay-outs

Regional Grant Changes

ONE little-noticed change in regional development grants introduced by the Government in its review of regional policy last November appears to have had a considerable effect on

The European Commission insisted that Britain should fall into line with the rest of the Community and not pay a manufacturing project any grant over 40 per cent of the total capital invested.

The Welsh Office did not initially expect the rule to affect a significant number of concerns in the Principality but research carried out at the Poly-technic of Wales indicates that almost every scheme submitted for approval between last November and April 1985 was

As Wales has higher-thanaverage levels of unemployment this policy change could have important consequences for the

country.
The current rate of memploy ment is 17.3 per cent compared with 13.1 per cent in the UK as a whole. In the development areas, which cover a third of Wales, the rate among men is Following the announcement areas, which cover a by the company of its interest in Holland, the Welsh Office hurriedly swung into action.

However, Wales cou

fit from the greater emphasis on service industries, because in spite of a reduction in the dominance of the Welsh economy by coal and steel, parts of the country still lag behind the UK in provision of service industries. Mid-Glamorgan, for interest below the country shill describe the country still lag behind the UK in provision of service industries. Mid-Glamorgan, for interest below the first provided in the provision of service industries. Mid-Glamorgan, for interest provided in the country still business start-ups in two-thirds of the start-up instance, had only 48.5 per cent

of its workforce in this sector in 1981 compared with a national average of 62 per cent.

The main objective of regional policy continues to be stimulation of jobs, but both service industries and small firms come out of the review of policy in a relatively advantageous position. The 40 per cent EEC ceiling

does not apply to the service sector and if footloose industries can be attracted to Wales they will contribute to the development of a more balanced economy.

More help for small businesses should also assist Wales because parts of the country are deficient in this sector. The proportion of busi-nesses in Mid-Glamorgan with

nesses in another among an whole fewer than 25 employees, for instance, is significantly below the national average.

The previous requirement of a minimum outlay of £500 per item before a project could be considered for assistance not be a project and the considered for assistance not be a project and the considered for assistance not be a project and the considered for assistance not be a project and the considered for assistance not be a project and the considered for assistance not be a project and the considered for assistance not be a project and the considered for assistance not be a project as a project could be considered for assistance not be a project could b longer applies. The benefit of with managers of local branches this change is relatively more of major banks showed that

companies.

Furthermore, although no help was previously forth coming for purchase of second-hand equipment a business can now qualify for a grant, though in a somewhat complex way, on the basis of initial investment. The benefits of this is highlighted by a survey by the Polytechnic of Wales which shows two-thirds of the start-ups in Wales bought mainly second-hand equipment, accounting on average for 58 per cent of all initial investment.

busines

SINCE November 28 1984 the following has been in operation: • Only two tiers of assistance

—development areas and intermediate areas. Special development areas abolished. Automatic regional development available only in development areas at 15 per cent for both new buildings and new equipment.

No grants for replacement

 Discretionary selective assistance in all assisted areas. • Some service industries eligible for regional develop-

ment grants. RDG rates either £3,000 per job created or 15 per cent of approved capital spending. RDG limited to 40 per cent of total capital investment.

this change is relatively more of major banks showed that important for small firms and they may be prepared to treat start-ups than for bigger the grants as equivalent to an anomalous. injection of equity capital. This

that of the total sample almost grants is more directly linked

es. Interviews development in Wales

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# Rushed deal blocks the seduction of Laura

Society, largest of the four in

Wales. "Things gravitate to London from Scotland, but they

"For a Scot, it is no admission of failure to have one's affairs handled in Edin-burgh. Given the nationalistic

approach of many Scottish businessmen, it is often more satis-

factory for the work to remain in the country."

Cardiff is improving, however, and the Secretary of State

must take some of the credit for this because he has worked

Agency, in particular, is setting the pace under Mr John

Wiliams, its relatively new chairman, and Mr David Water-

stone, chief executive, in making Wales and Cardiff

Welsh Development

Offshoots

financially literate.

The

through Edinburgh instead go through Edinburgh instead of by-passing it and much of the business sticks in the Scottish city.

FIFTEEN DAYS before Christmas last year, Laura Ashley an-nounced it was to open a textiles blant in Newtown, Mid-Wales, and build its administrative beadquarters in Carno, a village 11 miles away. The sighs of relief could be heard as far away as Cardiff and London.

For Ashley, desperate to exing programme raced ahead, had threatened to put the new plant at Helmond, near Eind-"We looked at Holland, where

we already have a very modern plant because we could get no grants from the British Govern-ment," said Mr John James, managing director.
"It was an extremely attrac-

tive option and the package being offered by the Dutch was od that we had to treat it



How tight regional aid rules nearly cost Wales a top rural employer

"The Department of Trade and Industry had told us brusmaly we could not get anything towards the £7m cost of the project in Wales. But the Dutch were offering us at least £2m, which more than compensated for higher production

costs there.
"In addition, building costs there were half the price of those in Wales. We could not turn down something like that out of hand."

Once it became public know-ledge that Ashley was looking abroad, alarm bells started ringing at the Newtown home of Mid-Wales Development, at even in the DTI's London headquarters.
Officials worked overtime to

put together a package to keep the company in Wales. Within a matter of weeks they

"No planner in his right by Mr Driscoll and Mr Garbett-mind would have put Laura Edwards. Instead of building Ashley in Carno," says Mr one plant in Newtown they Peter Garbett-Edwards, the corporation's development directory in Wrexham, which as ector. "The village has a population of only about 650 people and, in theory, it's not the sort of place to find the headquarters of a world-famous

"We had not long lost our buildings and machinery are paid," Mr Garbett-Edwards

"So the company approached the DTI in London about selective assistance. But it got nowhere, apparently because of What it got, according to Mr

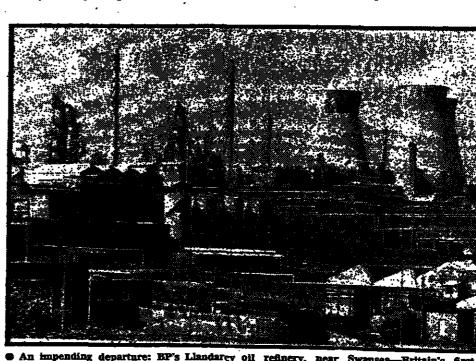
James, was a curt refusal which shocked not only the company but also the Welsh Office, just as auxious not to lose the Ashley has a vigorous expansion programme. It has 175 shops and intends to open at

were some complaints, but we

need to keep Ashley."
In Cardiff everyone was very happy, though there were anxious moments towards the end. "We were getting rather nervous." a senior official admitted. "We had gone to the limit

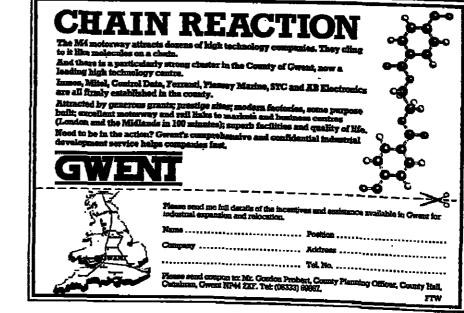
of assistance and we feared a Dutch comeback "We had put together a most ingenious package. But I am still slightly surprised we won."

Anthony Moreton



in an area aiready suffering high unemployment

### The textile plant could go to Newtown, where the corpora-tion could provide a factory at firm. But there it is, and we a favourable rent. The adminis-strative headquarters could be concentrated on Carno, for which some selective assistance want it to stay. If the company want it to say. It he company had built up its Dutch oper-ations, its centre of gravity could have started to shift away. That would have been disastrous. • An impending departure: BP's Llandarcy oil refinery, near Swansea—Britain's first-to cease eil and petrol refining next month after more than 60 years, creating 750 job less mysteriously materialised. Suddenly, Laura Ashley found itself being offered help from three directions—not as much in total as the Dutch might have provided but enough to be interesting. More important, it was enough to keep it in Wales. "Ashley employs more than 1,200 people in factories at Wrexham, Mold, Llanidioes, Machynlieth and Newtown, as well as Carno. It is vital for A deal was stitched together, rushed through various committees and presented to the House of Commons by Mr Nicholas our economic health. We have 13 per cent unemployment in Edwards, the Welsh Secretary, Newtown. We had to save the before the Dutch could counter-When Laura Ashley first approached Mid-Wales Develop-ment in 1983 it could not help. "Not everyone was happy," Mr Garbett-Edwards recollects. "The factory swallowed the whole of our building allocation for two years, so we could not help others for a while. There development area status, under Cwmbran Development Corporation, which automatic grants for new Gwent House, Cwmbran, Gwent, NP44 IXZ



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# Nights when Welsh ruled in California traditional industries. Information

technology ROBIN REEVES

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ALIGN-RITE Corporation, a Californian company manufacturing photomasks for the design and production of silicon chips, was anxious to expand in Europe and decided on a new manufacturing plant at mid-Glamorgan's fast-growing Island Form colonea need in mio-Giamorgan's last-growing Island Farm science park in Bridgend. But it was faced with recruiting staff for a technology unknown in Wales.

With the help of a £750,000 training grant from the Welsh office, however, the company took 35 recruits to California for six months. Their proficiency and enthusiasm was such that by the end of the training, the Welsh workforce were running the Californian plant night shift, prior to returning to launch the Bridgend operation at the beginning of this year. this year.

Align-Rite's experience illustrates the enthusiasm with which Wales is embracing the new technologies, given the opportunity. Inmos finds that visiting Americans are envious of the quality and loyalty of the staff at its Newson laboration. the staff at its Newport plant.

But at the same time a Ferranti executive noted that the size of the industry in Wales was still too small to provide jobs for all suitably-qualified graduates emerging from the University of Wales each year.

With a few notable exceptions. Wales missed out on the initial growth in electronics and information technology invest-ment. For five years it has been trying to catch up to help

South Wales has sought to take advantage of its location as a natural extension of the electronics industry growth along the M4 corridor. In North Wales, meanwhile, the county of Clwyd is emerging with a specialisation in optical fibres, described as the most significant development in telecommunications transmission since the invention of the

transistor.

The Welsh Office says there are about 100 companies in are about 100 companies in Wales employing some 14,000 people in electronics and related activities. This includes the telecommunications sector where there are a number of longer-established companies, but these are having to change radically to meet modern technological demands.

Investment

There are also some signifi-cant recent additions to their number. Among the major newcomers, Ferranti established newcomers, Ferranti established its military computer systems design and development facility at Cwmbran in 1979. It was soon followed by Inmos at Newport, and Mitel, the Canadian telecommunications group recently taken over by British Telecom, which set up its European headquarters at Caldicot, in Gwent.

in Gwent.

More recently, the Parrott
Corporation has opened
Britain's first fully-integrated floppy disc manufacturing plant at Cwmbran's Llantarnam Industrial Park. Control Data Corporation, which set up at Brynnawr, Gwent, a decade ago, has been greatly expanding its output of floppy and hard discs and computer tape through a flam investment programme. In North Wales, Data Magnetics has announced a £12m project to build Britain's first thin-disc manufacturing plant.

Communications Corporation of the U.S., is fitting out a £13m highly-automated plant for the manufacture of advanced telecommunications equipment at
St Mellons, Cardiff. Another
California - based company,
Acrian, has begun manufacture
at Bridgend of advanced semiconductor devices and higher-level assemblies for telecommunications, avionics and radar applications.

The one that recently got away was LSI Logic, rising star of California's silicon valley, which at the last minute opted to go to Lower Saxony, in West Germany, rather than Combran. It was a blow since LSI's It was a blow since LSI's specialisation in semi-custom chips could well have quickly attracted others requiring proximity to this kind of

On the other hand, Inmos, which helped to put Wales on the world semi-conductor manufacturing map, has completed a second plant at Newport at a cost of £20m. This will allow the company to repatriate final assembly and testing work which has been undertaken in the Far East. the Far East.

Creation of a further 600 jobs,

Creation of a further 600 jobs, bringing its Newport workforce to 1,500 has been delayed by the downturn in world semiconductor demand. But Inmos is confident of riding out the difficulties through diversification into new products, notably its transputer family, which is a computer on a chip.

Another development has been the spectacular growth in Wales of the AB Electronic Products group, a public quoted ducts group, a public quoted company which this year cele-

brated its 50th anniversary.

Over three years this company has doubled its Welsh workforce to 2,500, opening facilities in Rogerstone, Cardiff and Pontypridd for printed circuit 11/3m, Optical Fibres is spending a further £5m to double production capacity to 200,000 km of fibre a year in response to British Telecom's growing recabling programme.

Pilkington has opened a new



Wales' first business centre for advanced technology, on Decside Industrial Park, North Wales. Around a landscaped courtyard are three buildings for starter ventures and Newtech, a company run jointly by Clayd Council and North East Wales Institute, to provide one step shopping for technology advice and information

assemblies, automotive elec-tronics products and signal distribution equipment. A measure of the company's success is that it has been able to brush aside the problems of its important customers. Acon. through growth in business with IBM.

Mainstream electronics growth in North Wales has been limited. But the location of Optical Fibres, the Corning Glass-BICC subsidiary on Deeside, and the Pilkington Group's fibre optic technology activities in Clwyd has given the area an important stake in a key new industry associated with information technology and telecommunications.

After an initial investment of

£17.5m, Optical Fibres is spending a further £5m to double

plant specialising in short-distance fibre links between computers and other office equipment and electronics interface equipment. Some 60 per cent of Gwent to manufacture new product of the computation and expect the computation and exp production is being exported, mainly to the continent. The company has also just estab-lished an American sales operation and is now looking forward to market growth in the

bigh, is extending application of the technology into high-security fencing and leakage detection systems for cryogenically (supercooled) stored liquids such as industrial gases.

In South Wales, British Telecom's investment programme is boosting business at STC's cable products divisions at Newton.

products division at Newport. The company has also won pioneering overseas orders for high-capacity optical fibre cable communications systems, includ-Pilkington has opened a new ing the first China contract to

equipping its Cwmcarn plant in Gwent to manufacture new pro-

ducts for domestic and export markets. The drive to attract more information technology com-panies goes on. Clwyd has opened its Newtech Centre on Deeside Industrial Park offer-Another offshoot, Pilkington ing new technology businesses Security Equipment, in Denservices and business support. The Welsh Development Agency is constructing an innovation centre on the campus at Univer-

> for high-technology industry at Cleppa Park, Newport, extending to 62,000 sq ft. It is also planning 35,000 sq ft of specialised accommodation at St Mellons, Cardiff. Mid-Wales Development is also contributing to the drive through science park developments at Newtown, Powys, and at Aberystwyth, where the development is associated with

the University College.
Cwmbran Development Combran Development Corporation has opened a £1m high-technology development called Ragian House on Llantarnam Park which has already attracted five tenants. Plans for second complex along the same lines are under way.

During a period when competition for internationally mobile projects in high technology has never been greater, Wales hopes that such develop-ments will help attract and nurture ventures in their formative stage and so increase the growth rate of expanding, home grown, companies.

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# Scramble for growth

Biotechnology ROBIN REEVES

IN 1979, the Welsh Development Agency invested £100,000 in a small Swanseabased company called Bio-Isolates. The capital injection was to enable the company to develop a pilot plant in Car-marthen, Dyfed, to extract functional protein from milk

Three years later, Bio-Isolates took the unlisted securities market by storm, its shares soaring from an issue price of 33p to £4 and the agency was able to dispose of a major slice of its shareholding at a net profit approaching £900,000 — its most handsome investment

Interest in Bio-Isolates has since returned to normal. The company is building a fullscale extraction plant at Michelstown, Ireland, but it has still to make a profit. But the scramble surrounding its shares launch provided a vivid illustration for the Welsh public of the excitement surrounding biotechnology and the radical changes if promises in the field of agriculture and food processing, forestry, health care, pharmaceuticals and a large sector of the chemicals in-

The commercial developrne commercial develop-ment of biotechnology is still in its infancy. The Uni-versity of Wales has taken a small but important step to try to foster an industry which could be an important which could be an important generator of growth and em-ployment towards the end of the century by establishing its own biotechnology centre

As the European Commission recently noted, biotech-nology is a "knowledge based business" in which research and development capability is central. Warning European governments that this must not be another field in which the Community loses out to the U.S. and Japan, it stressed: That capability has to achieve 'critical mass' by developing centres in Europe with the equipment, the people (above all the broad interdisciplinary teams), the intellectual stimulus and density in brains per square

The biotechnology centre is designed to act as just such focus for the industry in Wales which so far extends to some 26 ventures. They range from biotechnology work within major, established companies such as Amersham Companies Such as Americanto International and Monsanto to small spin-out developments from college research departments.



A familiar sight in the Welsh industrial valleys, but for how much longer? The miners' strike over, the NCB's pit closure plans for the area are expected to be unveiled soon. The winding gear at Tymawr Lewis Merthyr pit, already closed (above), is to form part of a Heritage Centre, commemorating the once massive Rhondda coal industry

# Academics plough back knowledge

# WINTECH

Higher education is being tapped to help industry chase international rivals in technology.

THERE IS a great desire among academics in Wales to contribute to the country's industrial regeneration, according to Mr Clive Thomas, head of Wintech, the newly-created technology promotion arm of the Welsh Development Agency.

"They have a conscience, a feeling which stems from the knowledge that higher education in Wales was started by its people," he says.

One of his main roles as head of Wintech is to ensure that the desire to help does not go to waste.

Setting up Wintech was one of a number of recent developments aimed at improving the technological base of Wales by increasing the contribution of the education system. Others

 A £2m science park at the University College of Wales, Aberystwyth, which already houses two spin-off companies, making products resulting partly from academic research. • A flm innovation centre at the University College, Swansea. to house a biotechnology centre and a range of spin-off

companies. The setting up of a company, Newtech, by the North-east Wales Institute of Higher Education and Clwyd County Council to provide technological

help academics develop ideas tions to academic research. for the market. The company, which will soon move into premises on Deeside Industrial broker for the small and Park, will draw on the resources medium-sized businesses which of the institute's 80-strong research staff.

centre by South Glamorgan County Council and the Cardiff University Industry Centre to house fledgling companies from the university. CUIC hopes to set up a centre for innovation studies as part of the county council and the Cardiff of a lack of funds and guidance.

Mr Thomas, aged 44. We formerly hear to set up a centre for innovation studies as part of the county formerly hear to set up a centre for innovation studies as part of the county formerly hear to set up units. It will help academics whose commercially viable ideas have languished in the past because of a lack of funds and guidance. to teach entrepreneurial skills to graduates, post-graduates and even schoolchildren.

demand that higher education must contribute more to the

It also reflects a growing awareness that Wales, like the rest of the UK, has fallen be-hind industrial competitors like Japan and the US, not through lack of innovatory talent but partly because it has failed to transfer ideas from the laboratory into the commercial world.

### Encouraging

Wintech aims to spearhead the Welsh drive to help Britain catch up with its rivals in technological innovation. Set up 10 months ago it aims, in the words of the Welsh Development Agency, to plug the indus-trial base of the country into the higher education system. It will work with Winvest, the inward investment arm of the WDA, to help attract hightech industry, and liaise with existing technology-based com-panies to ensure they receive a steady flow of graduates with relevant qualifications and skills. Wintech is also encourag-

help for local companies and to increase financial contribu-help academics develop ideas tions to academic research. WDA funds, including Hafren Investment Finance, the WDA

Its most important role is as financial and technical need research facilities to ex-

the University of Bradford. He and his fellow "brokers," Mr David Graham and Mr Derek Webb, have experience of lead-This flurry of activity stems ing scientific research groups in part from the Government's and their combined interests span new technology subjects applied physics to ced flexible manufacturfrom

"We are here to help anyone who wants to create a new product," Mr Thomas says.

For industrial clients and entrepreneurs outside the academic system, Wintech's broking includes advice on a suitable research programme and where to find the appropriate expertise, whether from higher education or private sources. In most cases the service is free unless Wintech

takes on a managerial role. For academics who have developed ideas with spin-off potential. Wintech will advise on setting up a company or finding an existing one capable of producing or selling the product under licence or in partnership.

Wintech will also offer advice on grants for research. If these are insufficient, it will consider injecting up to £25,000 from its technological development ing larger industrial companies fund. It also has access to

venture capital company, which will back projects wit between £10,000 and £100,000. This WDA finance is essential, because of the dearth of priv-

ate sector funds for developing new products, Mr Thomas says. "For small companies with bright ideas there are precious few venture capital resources available. The first stage of developing a prototype is virtually impossible," Mr Thomas says.

### Research

"In the academic world there is money for research but little for development. It has been argued that higher education is not there to develop products, but a growing number of academics want to get their fingers dirty in industry.

Wintech, which had operating costs in its first financial year of about £100,000, is only now beginning to find its feet. But Mr Thomas says it has already linked two companies with research facilities in higher education, and assisted in the development of three academicbased projects likely to lead to spin off companies.

"The two outside companies are delighted because they have resources available at an could not have had otherwise.

"In the three spin-off possibilities, we think two have the potential to form successful companies. The third needs money to develop a prototype but it could leave the other two

"On the other hand it may not make it. It has perhaps a one in 10 chance. Without us it would have stood no chance."

Michael Smith

# Facsimile of satellite Challenger Flight 5TS7 June 20, 1983. Activair Zinc-air power pack The button batteries **OR** finding suitable premises and or premises and organising

made by Activair, a Division of Duracell, spend a significant amount of time literally in orbit, because sixty of them are to be found in each of the zinc-air power packs currently being used by NASA on the U.S. space shuttle.

Other applications for these batteries include paging and communication devices, medical and test instrumentation, and energizing systems. They have all helped Activair become the

producer of zincair cells. When Activair set up their European headquarters in Wrexham they were helped

world's largest

considerably by Activair Zinc-air power pack the Clwyd Industry Team, who amongst other things were able to

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sales into orbit too, call the Clwyd Industry Team now on 0352-2121 and put us to the test, a fast, efficient and professional service

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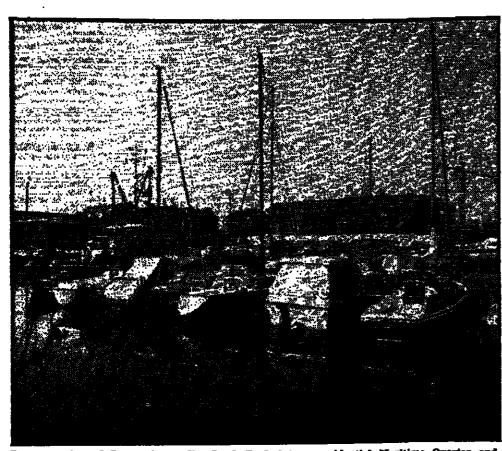
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图 自家的科技的第三程



Reconstruction of Swansea's derelict South Dock into a residential Maritime Quarter and Marina, now nearing completion, (above and below, right) has added a new dimension to Wales' second city

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For further information contact: The Development Director. Wales Tourist Board, Brunel House, 2 Fitzalan Road, Cardiff. CF2 1UY. Telephone (0222) 499909.





J by the Japanese battery manufacturers, Yuasa, of 300 new jobs created by the expansion of their Ebbw Vale operation, is a good example of developments in Blachau Gwent, since it first became the most attractive Development Area closest

to London and the South East. Factory sites are now available for immediate occupation, with unbeatable financial packages for companies considering development. For further information contact: Business Advisory Centre, Enterprise House, Rassau Industrial Estate, Ebbw Vale. Tel: Ebbw Vale (0495) 306770.

# Five-star problem of attracting investment the counter-attractions of holi-days abroad and a fall in the number of long holidays over But we in Wales have some-thing quite different, too, based **Tourism** the past eight years.

this trend."

ANTHONY MORETON

TWO HUNDRED yards into England on the Avon side of the Severn Bridge there is a sign saying "Croeso i Loegr" and underneath the translation Welcome to England."

Imitation is the nicest form of flattery. For years the Weish have had a notice proclaiming "Croeso i Gymru," ("Welcome to Wales") on their side of the estnary, and the English have only recently retaliated.

The intention of the Welsh sign, repeated along the border to make visitors feel they are entering a country which, while resolutely British, is still different from England.

This separateness has been an influential factor in turning Wales into the second most important holiday area in Britain after South-west England. Holidaymakers spend some 58m nights a year in Wales and spend £510m.

But Wales faces fundamental problems in attracting investors a prime area from which to and maintaining its tourist attract visitors. It has also industry. In spite of the build-ing of Holiday Inn in Cardiff, a new Ladbroke hotel and marina holiday trips by the Welsh in Swansea and an indoor within their own country, lessure centra in Rhyl invested developed marketing schemes leisure centre in Rhyl, inward investment has not been as high as the planners would have liked.

One difficulty is that hoteliers especially those running five-star establishments. They expect to make money between Monday to make money between Monday value.

"The centre is opening at a and Thursday from business "We have to accept that good time," Mr Loveluck says. clients and with the decline of Scotland and England have "It's not an immutable law that Welsh industry they are not able

Separate

A revitalised Wales Tourist Board has fought back with a marketing plan targetting the affluent South-east England as developed marketing schemes with tour operators and shifted the image of Wales towards that of an all-year resort.

Since these tend to be taken by those with lower incomes, who bring their own food with them, the amount of money

Mr Prys Edwards, chairman based on the concept that Wales age-tour and coach operators has a special and separate culural, linguistic and aesthetic to Wales.

on our language and cultural background.

Since 1978 the number of people taking holidays of more than four nights has fallen from about 6m to less than 5m, and according to the Wales Tourist Board, "there is no prospect of a major reversal of this trend." " If we can prise some or the overseas visitors away from the milk-run that takes them through Cambridge, Lincoln, York, Edinburgh and back to London via the Lakes, Strat-ford and Oxford, we shall have achieved something." Hotels themselves have taken

Mr Paul Loveluck, Mr Paul Loveluck, the board's chief executive, adds:
"If Wales is to be a strong attraction for the holiday-maker, we have to be switched on to the package trade—especially activity holidays where we have enormous natural advantages."

London is the focal point for a smaller proportion of these long holidays while guest houses, the main staple, have lost ground with long- and short-stay visitors. More people appear to be their own or rented— especially in the peak months of July, August and September.

London is the focal point for that switch. Some 80 per cent of visitors to London from outside Europe arrive under their

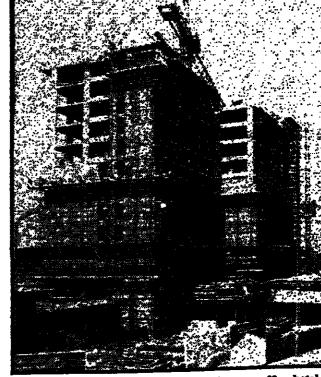
"They have come without preconceived ideas of what to see in Britain, and we want to bring them to Wales," Mr Love-

To achieve maximum impact in winning a segment of this market, the board opens a London centre in Piccadilly today, just a hundred yards from Pic-cadilly Circus.

The centre, which is being

run in conjunction with the Welsh Development Agency and Mid-Wales Development, is not intended to be just a place where the passing holiday-makers comes to pick up leaf-lets. The intention is to make it a centre for a positive drive do not see a 12-week holiday of the board since last year, to the holiday trade as well as season as a basis on which to says: "All our new ideas are to the individual visitor. Packmake a 52-week investment, based on the concept that Wales age-tour and coach operators

managed to 'sell' a good image people should go to Spain or —whisky, beefeaters, tartans, Greece. The pattern of holi-Shakespeare, the Highlands. daymaking is changing.



Commonwealth Holiday Inns of Canada's new £9m hotel is now taking shape in the centre of Cardiff. An important new addition to the Welsh capital's tourist accommodation, it is due to open next spring

more frequently, but they tend to be shorter. There has been an upsurge of bookings within the UK, which should continue. "In particular, there has been increased evidence of interest in activity holidays. This is a growth area in which Wales is strongly entrenched. We have harbour developments either

completed or proposed at Swansea Neyland, Penarth, Aberystwyth and Pwilheli We are also developing other active leisure interests. "We are getting only 4 per cent of the overseas visitors to the UK. Our plans should enable us to double this.

To cater for this rising tide of holidaymakers the board

Centre and the Llechwedd slate mine at Blaenau Ffestinlog have turned into big winners. The Sun Centre attracts 500,000 visitors a year and its effect on the local economy has been considerable.

"This is the key," according to Mr Norman Stone, recently-

to Mr Norman Stone, recently-appointed director of projects. "Tourism is about jobs and creating work.
"With our grant aid we are creating jobs at about £6,000 a time. This compares with the £35,000 a job for regional aid. Tourism can do a lot for the economy."

The Wales Tourist Board would like to develop more schemes such as the Swansea expects, greater investment marina, where a partnership of support has been made avail- public and private enterprise public and private enterprise created the £200m scheme. It is able. The £2m allocated towards projects this year is
likely to be fully taken up.

In the past, projects backed
by the board such as the Big
pit at Blaenavon, Rhyl's Sun

screated the £200m scheme. It is
no coincidence that the man
who masterminded that investment, Mr Maurice Howell, is
now the board's deputy director.

# Japanese efficiency boosts industry

### TV and Video equipment

MICHAEL SMITH

RADICAL MOVES by Hitachi, the staff complement to about the Japanese consumer elec-Wales television factory profit-able appear to be succeeding.

future for the Hirwaun plant, more than a decade and are con-of which it had just taken sole tinuing to expand, and Sharp, control after ending an uneasy which started production at its five-year joint venture with video recorder plant earlier control after ending an uneasy five-year joint venture with GEC.

In future, it said, it would deal with only one of the six existing unions at the plant — the Electrical/Electronic, Tele-communications and Plumbing Union (EEPTU) - and would conclude with it a no-strike, no-lockout agreement. Among other changes, company members, as staff were now to be called, would be required to agree complete flexibility of jobs.

Today, the company says, efficiency levels which it branded last year as the "worst in the UK in any competitor comparison" have almost doubled because of the indusdoubled because of the indus-trial relations changes and the introduction of improved machinery. It expects Hitachi UK to make its first profit this financial year.

The workforce has benefited from improved wages and conditions. The local community those of the Welsh, as the has been rewarded with the creation of 225 jobs, about strates. Sony and Matsushita mostly temporary at first, to enable the company to begin production this summer of video cassette recorders and audio equipment. This will take the staff complement to about the company to begin both are pleased with their industrial relations.

Recent expansion moves in-

factories in Wales, In the TV able appear to be succeeding.

It is just over a year since the is joined by Sony and company announced 500 redund-Matsushita, both of which have ancies and a Japanese-style been in the Principality for

The Welsh success in TV and video equipment manufacturing is not limited to Japanese companies, however. At Gorseinin, near Swansea, 3M operates Britain's largest videooperates Britain's largest videotape manufacturing plant. In
Wrexham, Intermagnetics UK,
also making videocassettes,
expects to break even this year
after a shaky three-year startup. Companies involved in cable
and satellite TV equipment
manufacture include Thorn
EMI Dynatel in Mid Glamorgan,
and Satellite TV Antennae
Systems, in Newtown.

The four Japanese companies together with 3M, Intermag-netics, Thorn EMI Arsenal and Satellite TV Antennae Systems provide work in TV and video equipment manufacturing for nearly 3,500 people but a large number of jobs have been created through their

For example, 3M estimates For example, 3M estimates that its video tape plant, which employs 500 people, has created another 450 jobs in its local materials and components suppliers. Sony UK, which will manufacture about 200,000 TV sets a year and another 240,000 TV tubes for the company's other two European plants, reckons that nearly half of its components are supplied by companies in Wales and the Midlands.

### Decisive

It was Sony which led the Japanese TV manufacturers' move to Wales. It decided in 1972 to set up its Bridgend plant largely to help are trade tension between the Japanese and the EEC. Factors which contributed towards the choice of Wales above other European countries included the language (English is more widely spoken in Japan than other European tongues), the skills of the workforce, the availability of grants and the environmental advantages of the spoken to the skills of the workforce, the availability of grants and the environmental advantages of the skills of ages pointed up by the Welsh Development Agency.

Similar arguments swayed Matsushita, which began manufacturing in 1976, but for Hitachi the decisive factor was the offer of a joint venture with GEC. For Sharp it was the staff to 50 this summer and closeness of its Wrexham plant points out many more jobs will to its Manchester distribution be created for rental companies

The Japanese like what they have found in Wales. Few for a similar boost from the major problems have been en- Government in cable TV.

Recent expansion moves in-clude the announcement by Sony in March of a 25m investthree years to modernise its equipment. This involved the creation of 90 jobs to bring the total workforce to 1,100.

Matsushita's plant at Cardiff, the group's only TV manufac-turing plant in Europe, is under-going its fourth expansion. This going its fourth expansion. This is designed to increase annual television production from a record 212,330 units achieved last year to 300,000 units by 1987. It is to begin production of electronic telephones and PBK exchanges, adding 25 jobs to the existing 570 in TV manufacture and 50 in suition equipment was and 50 in audio equipment pro-

Even so, Matsushita's President recently expressed disappointment that innovation and progress had not been faster.

### Expansion

Diversification is also a fea-ture in the expansions at Sharp and Hitachi. Last month Sharp announced it was starting Welsh manufacture of microwave ovens. Production of video re-corders, which began in Febru-ary and is running at 3,500 units a month has created 100 jobs already but this is expected to rise to 600 in three years. By then Sharp's investment is ex-

pected to top £15m. Hitachi's move into video recorders and audio equipment prompted in part by growing protectionism in the EEC will create 200 and 25 jobs respec-tively. The initial production target for the recorders is 5,000 a mouth; for audio equipme 4,000. The company also expec to produce around 300,000 TV

sets in Hirwaun this year.
The sector's largest expansion programme, however, is at 3M's Scotch videotape plant at Gorseinon. Between 1980 and 1987 the company will spend nearly £40m there and increase production from 1.75m units a month to 3.75m (45m a year).

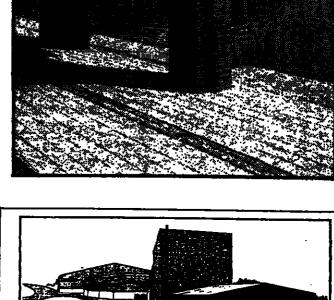
On a smaller scale, Intermagnetics UK is making 3.5m cassettes a year but it plans to increase production this summer by taking on an extra 30 staff to add to its existing 70. Meanwhile, Satellite Antennae TV Systems received a major boost last month with

the Government's decision to

relax its rules on satellite TV reception so that individuals can erect their own receiving dishes. The four-year-old company, which manufactures satellite receivers and associated accompany clated equipment, is con-sidering doubling its Welsh and dish installers.

Thorn EMI Dynatel is waiting







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Distribution Centre, CROSSHANDS. Located at the western end
of the M4/A48T corridor, the Estate offers direct access on to the proposed A48T Crosshands Bypass and A476, and is centrally placed to service West and Industrial South West Wales. The Estate is 80 acres in extent and has the benefit of outline planning permission for light industrial and retail use. Plots of 1/2 acre to 30 acres are available NOW on a lease or direct sale

basis, including plots in premier locations overlooking the A48. Companies requiring land for retail, light industrial use, car tyre depot, car showrooms, motel/public house, cattle market and meat processing units at this key location are invited to contact the Borough Planning and Economic Development Office NOW.

- \* Assisted Area, SFA Grants, ECSC, BSC Industry **Funding**
- \* Planning Permission for High Technology Park,
- ★ Prestige 10 and 20,000 sq. ft. units Dafen Industrial
- ★ Starter Workshops, Trostre Industrial Park, Llanelli

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# FT COMMERCIAL LAW REPORTS

# Diamond trader seeks to enforce bank undertaking

BARCLAYS BANK LTD V ROSENBERG Queen's Bench Division (Commercial Court): Mr Justice Anthony Evans: May 9 1985

WHERE A defendant applies for enforcement of an undertaking as to damages given by plaintiffs when obtaining a Mareva injunction against bim, the court will direct an inquiry as to his alleged loss and the possibility of compensation if he can establish an arguable case that the intunction was wrongly junction was wrongly obtained, that he suffered loss

educially Jan.

Rosenberg and his accountant. Rosenberg and his accountant.

A meeting took place on July 28 during which two proposals were made. The first involved a possible sale of diamonds in London to a group of wealthy Arab buyers. The other was that there should be a sale for £400,000 in London, followed by resales in Dubai with the profit to be shared 50-50 between Mr Rosenberg and the other party involved.

Following that meeting on the first involved a possible to grant him the results of the prosent application to the present applicati

Discussions were already in progress as to how Mr Rosen-

to the top? (7)

Dominicans (5)

taining article (8)

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of action (2, 4)

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obscure (6)

respies in Dubai with the profit of the specific was wrengly behaved 50.50 between Mr was not guilty of sich desport or conducts as weald make it involved. And the contemplation of the sunderstanding the specific of t

It also gave the impression that Mr Rosenberg was the kind of person with contacts in the Middle East who might well sell diamonds abroad and not return Price QC and Colin Manning berg's indebtedness to the bank to compensate him.

They involved the bank manager and later his superiors, Mr entered should be determined to the UK or bring back the (Rose and Birn).

Mr Price also submitted that proceeds of sale.

Whether an inquiry should be determined that Mr Rosenberg was long-

by reference to a threshold established in London, that he

By Rachel Davies

# APPOINTMENTS **Changes at Rediffusion**

replaces Mr W. Robertson, who will remain a director of The COSMETIC TOILETRY & Rediffusion, the parent company, in a non-executive capacity. Mr has appointed Mr John Barker Thornton will be responsible for company secretary and legal three operating companies: com-munications, music, and field engineering, with associated overseas companies. He joined Rediffusion in 1968, and has served as chairman or director served as chairman or director of many group subsidiaries both in the UK and overseas. He will continue to retain his overseas responsibilities. Two other senior executives have been appointed directors of Rediffusion Business Electronics. They are: Mr A. C. Chipperfield, a director of Rediffusion, and chairman and chief executive of Rediffusion Radio Systems; and Rediffusion Radio Systems; and Mr Carl den Brinker, technical director of Rediffusion Radio

SWAN HOUSEWARES has appointed as engineering direc-tor, Mr John Sparks. He was with Lucas Electrical.

3 There's no agnostic to rip ARBUTHNOT

BANK has established Arbuthnot Latham Trustees (CI) to administer its offshore funds and provide advisory and financial services to corporate and individual clients. Mr R. J. Palnter has been appointed managing director. Arbuthnot Latham Bank is a member of the Dow Scandia Holdings Group. the prophecy in shreds (15) 4 Water-ski champion to come 6 Some material provided by University representative creates surprise (4, 4, 3, 4) 7 Works for a time under

CRA. Melbourne, has appointed Mr J. D. Birkin as a director. He recently became deputy chairman and chief executive of the Rio Tinto-Zinc Corporation. He has been an alternate director on the CRA board since December 1983. Mr Birkin is also a director of Metro Industries of Western Australia, and of George Wimpey. 8 Doctor produces plate con-9 For each round the bar pro-16 Carried away if one gets bothered about debts (9) 17 The Entertainer is in business: press and television Australia, Wimpey.

Mr David Gillan formerly a principal in the Department of Trade and Industry has been appointed director-designate of 20 Considerable bargain? Put the RAILWAY INDUSTRY
ASSOCIATION OF GREAT
BRITAIN. He will become director on November 1 succeeding
Mr George Curry who is retiring. crudely, I'm not impressed

BICC has appointed Mr Reger Bexon as a non-executive direc-tor. He is deputy chairman of British Petroleum, chairman of BP Exploration and BP Gas, and a director of Sobio and BP Canada Inc.

HOUSE OF INSTRUMENTS, Bishop's Stortford has appointed Mr Don Beckman as marketing director. He was general man-ager of Gould's UK instrument ager ... operation. . \*

SPENCER STUART has appointed Mr Peter Williamson

REDIFFUSION BUSINESS of Spencer Stuart consultants ELECTRONICS has appointed specialising in banking and Mr Christopher C. Thornton as financial placement co-ordinated chairman and chief executive. He from New York.

company secretary and legal adviser to Colgate-Palmolive, as chairman. He replaced Mr Cyril Ashley (chairman, L'Oreal).

NATIONAL PROVIDENT IN John H. Cook as assistant gen eral manager (sales and mar keting). He was assistant divi-sional manager (marketing). Mr Michael Glies has been

elected president of the BRITISH INSTITUTE OF IN-TERIOR DESIGN. He is man-aging director of Godfrey Giles

Mr Dennis Hickman has been appointed managing director of DENDIX GEM BRUSHES and a director of the holding company Brushes International. He has also been appointed director of overseas subsidiaries Osborn International in Germany and Brosses Osborn in France, He was managing director of Kullen & Mez in Germany. Mr Ian Robinson has been appointed sales director of Dendix Gem Brushes. He was field sales manager.

### Rees-Mogg is chairman of Sidgwick

Sir William Rees-Mogg is to become chairman of SIDGWICK AND JACKSON, book publisher. Sir William, a former editor of The Times, is chairman of the Arts Council, vice-chairman of the BBC, chairman of Pickering and Chatto (antiquarian bookseller) and a director of GEC.

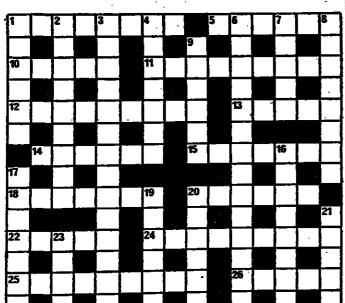
ST. PAUL FIRE & MARINE INSURANCE COMPANY (UK) has appointed Mr Christopher A Bone to the board. He is the underwriter of Oberon Underwriters, an agency which writes London market non-marine and marine reinsuranee business From January 1 1985, the Oberon Agency has been underwriting exclusively on behalf of St. Paul Fire & Marine (UK), formerly Mercury Re (UK). This company is a wholly owned subsidiary of St. Paul Fire and Marine Insurance Company, of the U.S.

Mr Samuel Dow has been appointed company secretary of COATS PATONS. He joined the company in 1970, was appointed assistant secretary of Coats Patons in 1976, and secretary of J. & P. Coats in 1982.

LONDON SPECIALIST SOFT as a consultant. He was a co-founding director of Wrightson Mr Alex Fincus as groun Wood. He becomes the London and marketing director. H link in an international network after 19 years with IBM. WARE SYSTEMS has appointed Mr Alex Pincus as group sales

# FT UNIT TRUST INFORMATION SERVICE

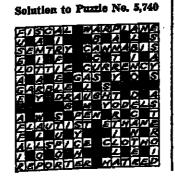
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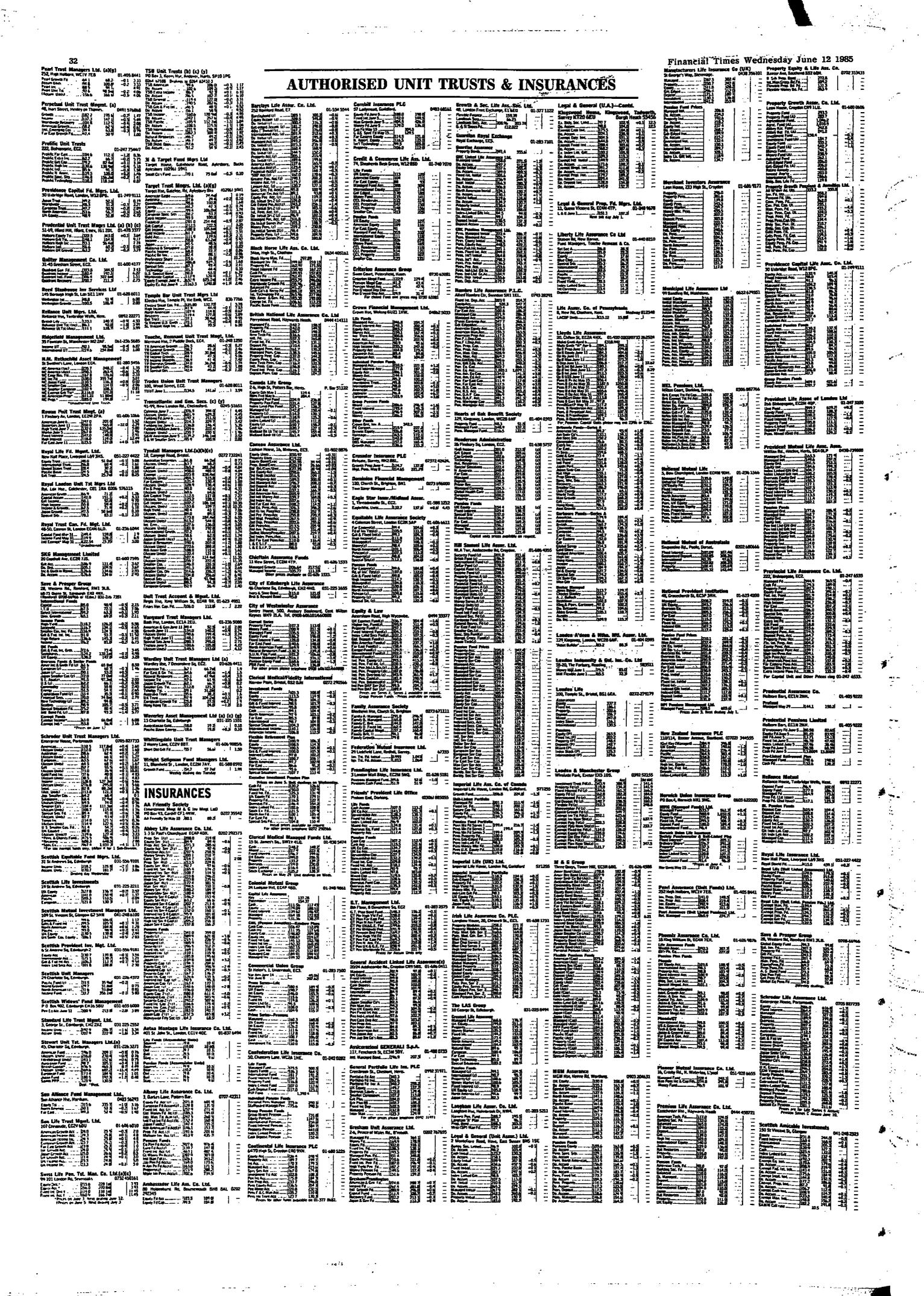
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# ACROSS

- 1 It sheds light on current position taken by Liberal leader (8)
- 5 Not the best way for travelling outside the country (6) 10 Engineering representative comes in to measure (5)
- 11 Confusion involving a ruler and a clergyman (5, 4) 12 Extra support: a line follows
- 13 To eat well or selectively? The only difference is energy
- 14 It is common to charge for wrapping (6)
- 15 Put in another request to change present arrangement 19 Leave to work on a course
- 18 Continuous operating movement (7) 26 A race in trouble, according to ancients, makes war (6)
- 22 Little by little a plant 21 Unfamiliar emerges (5) 23 Additional material could be
- 24 It reinforces point of view put by the press (5, 4) 25 Start independent opening
- after this month (9) 26 Abandoned school in Cornish
- town (5) 27 Void if husband is not there
- acting as observer (6) 28 Remains unaroused when rest go astray (6. 2)
- DOW! 1 Most recent law - a trial follows (6)
- 2 Bohemian woman goes on about royalty taking off (9)



satinet; no thanks! (5)



day June 12 1988

# Jamaican bauxite plan raises doubts

By Canute James in Kingston

NORTH AMERICAN companies refining bauxite in Jamaica have expressed doubts about the feasibility of changing from oil to coal fired processing to re-duce production cost, said by the industry to be much higher than the world average.

The Government is proposing the change on grounds that the reduction in costs would make Jamaican refined bauxite more competitive, and help shore up the bauxite industry which is the island's main hard currency

Ore output fell last year to 8.5m tonnes from 12m tonnes in 1980, and a further decline of 2m tonnes is anticipated this

The coal for the refineries is to come from Colombia which has signed agreement in principle to supply not only the needs of the bauxite refineries, but also Jamaica's cement plant and the state owned electricity

and the state owner electrompany.

The refiners, however, are questioning the feasibility of the conversion plan, estimated by the Government three years ago to cost about \$350m.

"I do not think a study has been made in Jamaica that puts

been made in Jamaica that puts the conversion to coal at less than \$100m for some plants, and some of them as much as \$250m, says Mr J. Broussard. general manager of Alumina Partners of Jamaica (Alpart). The refinery is owned by the Reynolds, Kaiser and Atlantic

Richfield companies of the U.S. With a rated capacity of 1.2m tonnes per year, it is Jameica's largest. "If you are going to make a net return on savings of \$10m, can you afford to invest \$100m?" Mr Broussard asked. Alcan, which operates two re-

tonnes, has similar doubts about the feasibility of the conversion to coal fired processing.

"As a company that actually conducted a study on the conversion factor, we took a hard look at it," said Dr Keith Panton, executive vice-president of the company's local opera-

fineries on the island with a combined rated capacity of 1.1m

# Row looms over U.S. farm export shipping rules

THE U.S. farming and maritime lobbies are headed for a con-frontation this week in Congress over the requirement that 50 per cent of all U.S. governmentgenerated cargoes must be transported on U.S. ships.

transported on U.S. ships.
Cargo preference requirements were responsible for the suspension of a subsidised credit farm export programme in February when a U.S. district court judge ruled that the law was applicable to "blended credit" shipments. The outcry over the loss of the programme over the loss of the programme and an estimated \$536m in sales this year was a factor in the decision by Mr John Block, the Agriculture Secretary, to offer the controversial new

sional sales or sid programmes. on the proposal today and the They complain that it adds at Senate commerce committee minimum 10 per cent to the cost will hold hearings on it of shipping and usually much

A SHARP rise in Seviet grain production this year and a sharp cut in 1985-86 the U.S. Agriculture Depart-

In its latest circular on the USSR Grain Situation and Outlook the department says Seviet 1985 grain producti could total about 195m tomes, up from a disappointing total of 170m tonnes in

Imports in 1985-86 are predicted to total 37m tonnes, down from a record 55m tonnes in 1984-85.

export bonus scheme. He insists that cargo preference will not be required under the new programme, but the maritime lobby may contest that sales programmes to concessional sales programmes.

ales programmes.

The House of Representatives Farm groups say that cargo preference was only designed to apply to long-term concessional sales or aid programmes.

sales programmes.

The House of Representatives merchant marine and fisheries committee will hear testimony on the proposal today and the

# U.S. rejects proposal to share out world market

Agriculture Secretary, yester-day firmly rejected a French call for the permanent organi-sation of world agricultural

markets. M François Mitterrand, the periods such as a year. French President reiterated his view that exporters of farm products should agree on market shares at the opening session of the UN world food council, here on Monday.

But speaking at a press conference as he left Europe, after a week-long tour Mr Block said I dont know how you organise markets. If that means divid-ing the world up into fair shares, I just don't know what fair shares are. Market shares change because of differing conditions."

He said he did not think negotiations

MR JOHN BLOCK, the U.S. there was any way that market Agriculture Secretary, yesterday firmly rejected a French lasting basis, but left open the possibility that exporters might reach tentative agreements to divide up the market for shorter

> Agricultural trade has been the subject of mounting con-troversy between the European Community and the U.S. in The row has come to a head with the recent U.S. announce-

> ment of a \$2bn scheme to pro-mote farm exports and a large cut-price offer of wheat to Algeria. By going on the offensive in this way the Reagan administration is trying to persuade the EEC to move faster towards a

new round of international

again The ailing U.S. maritime By John Edwards, Commodities Editor industry insists it needs the business of farm exporters to survive, but cargo preference was brought into further disrepute last month by an article in Philadelphia Inquirer which

money to feed 170,000 people in Africa for a year."

The increased shipping fees occurred even though world shipping charges are declining. According to the Inquirer, if the U.S. Government had been able to use foreign ships to transport emergency food to Africa, \$34m would have been

reported that American ship operators have increased their

fees to carry famine relief

cargoes to Africa by \$6m over the past 17 months — "enough

Mr John Baize of the American Soyabean Association gives as an example of the costs of cargo preference the case of two ships headed for Sudan this week. The U.S. ship is charging \$4.50 a hundredweight to carry sorghum, while the Liberian vessel is charging \$2.24 a hundredweight.

### India studies wheat export subsidies

NEW DELHI-India is considering a proposal to subsidise wheat exports to reduce its large surplus stocks, according to Mrs Deepak Sandhu, a Commerce Ministry official.

The subsidy is expected to narrow the gop between domes-tic and international prices and encourage private traders to seek foreign buyers, she said. India has signed major wheat export contracts only with the Soviet Union due to the high

cost of its grain It will sell the Soviet Union 500.000 tonnes of wheat this year, out of a total export target of 2m tonnes, and a further 500,000 tonnes of milled wheat products. Mr Rao Birendra Singh, the Food Minister, said

# Strategic metals prices down

A GENERALLY easier trend in most strategic metal markets has developed, with prices being marked down in thin trading conditions.

Mainly responsible for the downturn has been selling by merchants on the principle of 'sell in May and go away " into seasonally quiet markets with little buying interest. Even the news that Amax, the leading producer, was planning to halt production at two of its major production units, failed to halt the continued slide molybdenum prices.

Meanwhile Reuter reported from Tokyo that Japanese platinum imports jumped to 15.91 tonnes in January/April from 9.88 tonnes in the same period last year. This was due to increased industrial and jewellery demand and active buying by small investors. ANTIMONY: European free

market 99.6 per cent, \$ per tonne, in warehouse, 2,650-

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 4.00-4.40. CADMIUM: European free market, min. 99.95 per cent, \$ per lb, in warehouse, ingots, 0.67-0.73, sticks, 0.72-0.78.

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 11.20-11.30. MERCURY: European free market, min. 99.99 per cent, \$ per flask, in warehouse, 285-295. MOLYBDENUM: European

free market, drummed molyb-dic oxide, \$ per lb Mo, in ware-house, 3.50-3.65. SELENIUM: European free market, min. 99.5 per cent. \$ per lb, in warehouse, 6.65-7.15. TUNGSTEN ORE: European free market standard min 65 per cent, \$ per tonne unit WO. ctf. 61-67.

VANADIUM: European free other sources, \$ per pound V<sub>1</sub>O<sub>2</sub>, market, min. 98 per cent V<sub>1</sub>O<sub>3</sub>,

URANIUM, Nuezco exchange value, \$ per lb U,0, 15.00.

# Frost hits Brazil's best coffee areas

BY ANDREW WHITLEY IN RIO DE JANEIRO

has damaged coffee bushes in product. parts of the southern Brazilian states of Minas Gerais and neighbouring Sao Paulo — the most prolific and highest quality coffee producing region in the

Preliminary estimates from producers put the damage from ast weekend's two nights of light frost at between 5 per cent and 10 per cent of next year's production from the region, adding to existing fears over the likely size and quality of the 1985-86 crop.

This year southern Minas Gerais is expected to produce 6.5m bags (each of 60 kilos) of high grade coffee out of the forecast Brazilian total of 29m rags. The cold snap has brought

sub-zero temperatures to much of southern Brazil since late last weekend and the indications are that the cold weather is set to continue. Meteorologists fore-cast on Monday that a new cold front from the southern Pacific could hit Minas Gerais and Sao Paulo by the coming weekend. OLDSpro-t-wsincelate cm cmfw

UNSEASONABLY cold weather as the country's leading export

Helped by higher world prices, so far this year export earnings from coffee have been doing better than at any time in the past five years. Between January and April, Cacex, the foreign trade authority, reported bean exports worth \$829m, compared with \$769m

in the same period in 1984. This represented over 11 per cent of total export revenues.

Paradoxically, until recent
days coffee registrations at the
Brazilian Coffee Institute (IBC)
had been running well behind
the rate require to meet the country's quota set by the In-ternational Coffee Organization.

This has now been made up with a burst of late registrations. By last Friday 590,000 bags for shipment in June had been registered with the IBC and on Monday the institute opened registrations for a further 500,000 bags for this

month. • No further damaging cold is expected in the Brazilian coffee Paulo by the coming weekend.

OLDSpro-t-wsincelate cm cmfw
After several years in the doldrums, overshadowed by soya—Brazil's new "miracle crop"—coffee has re-emerged forecaster Accu-Weather said.

# Government offers to buy up more dairy quotas

BY JOHN EDWARDS

THE MILK outgoers' scheme, pensated for surrendering their dairy quotas, is to be re-opened since the target has not yet been met, Mr John MacGregor, Minister of State for Agriculture, announced in a written reply n the Commons.
Mr MacGregor said that at

June 7 some 265m litres of quota had been bought-in under the scheme, but this was below the overall target of 289m litres so it was being re-opened The scheme will now also be open to producers who were not in milk production in April 1984 but have subsequently pur-

chased land with quota and who do not wish to produce milk. Meanwhile a special report by the Economist Intelligence

Unit on International Trade in Dairy Products, just published, claims that the Community's decision in March 1984 to impose milk quotas was probably too little too late. Quota production, it says

continues well in excess of demand at a time when outlets for dalry products are tending to contract rather than expand. Even cheese, the product with the most buoyant growth in demand, may well be approach-

CRUDE OIL (LIGHT) 42,000 U.S. gallons, \$

GOLD 100 tray oz, \$/troy oz

Close 313.8 315.4 316.9 320.7 324.5 328.7 337.5 342.3 347.3 352.3 357.8 363.4

HEATING OIL 42,000 US conts/US gallon

# **Ivory Coast** prospects boost cocoa forecast

CHIK

By Our Commodities Editor

THE SURPLUS of cocoa production over demand this season (1984-85) has been raised to 98,000 tonnes in the latest market report issued yesterday by London dealers, Gill and Duffus. In its last report in March the company predicted a surplus of 70,000 tonnes.

The increase in the forecast surplus is attributed primarily surplus is attributed primarily to an upward revision in the Ivory Coast main crop, put at 480,000 tonnes. With the mid-crop estimated at 50,000 tonnes total Ivorian output this season is the second-highest ever, only surpassed by the bumper Ghanian crop of 566,000 tonnes in 164,85 in 1964-65.

The report says that there The report says that there are still some doubts about the forthcoming Temporao crop in Brazil with the possibility of excessive losses to black-pod disease, but at this early stage prospects for the 1985-86 crops are reasonable, with strong podesting having taken place in setting having taken place in West Africa and Brazil.

Prices, which have fallen by some £230 a tonne since the end of March are expected to move slowly to lower levels reflecting the surplus of supplies avail-

# **London-Paris** futures link agreed

By Our Commodities Staff

LONDON AND Paris commodity futures exchanges have agreed to link their market reporting services electronically. An agreement was signed this week between the Companie des Commissionairs Agrees de Parls (CCA) and Commodity Market Services (CMS) a wholly owned subsidiary of the London Com-modity Exchange.

. It is hoped that the new communications link will be ready for commissioning by early

CHICAGO

LIVE CATTLE 40,000 fb, cents/

LIVE HOGS 30,000 fb, cents/lb

Close 48.17 50.85

June. July

Prev 314.1 316.7 317.2 320.8 324.8 329.0 333.2 337.8 342.6 352.6 358.1 363.7

347.6

### LONDON MARKETS

BASE METALS

LME prices supplied by **Amalgamated Metal Trading** 

# **ALUMINIUM**

	close(b·w	ა —	High /kow
Cash 3 months	821-2 8455	-5.0 -4.5	821/820 <u>4</u> 850/842
(8255); ti settlement	hree mont 821 (82	hs 843 5.5). F	ash 820-1 5 (8475); inal Kerb 175 tonnea.

### COPPER

Higher grade Unoffic " + or | High/Low Cash 1125-6 | +2.0 ,1118/1117.5 Three m'nths 1145.5-4 | +0.5 | 1145.5/113 Official Closing (am): Cash 1117-5 (1116-5-7): three months 1137-5-5 (1135-5-6): settlement 1117-5 (1117). Final Kerb Close: 1143-1144.

Cathodes Cash 1115-6 -0.5 Three m'nths 1131-5 +3,25 Official closing (am): Cash 1108-11 (1112-3); three months 123-5 (1124-5); settlement 1111 (1113). Turnover: 17,350 topnes. US, Producar prices 5.00-70.00 cents per pound.

	Unoffile at close.p.m.) £ per to	+ or	High/lov
Cash 3 months	302-3 302-5	+2,25	302,6/582 305:301
.75 (300-1 2): settler Close: 30	closing (a); three mon ment 302.75 12-3. Turnow 19.00-21.00	the 302 (301). er: 5,40	5 (301.) Final Ker X) tonne

NICKEL

High grade Unofficial + or High/flow close (p.m), — for day Official closing (om): Cash 9665-76 645-50): three months 9554-6 (9650-

£4415-25 +15.0 4445/4440 £4570-5 -12.5 4495/4575

Official closing (am): Cash 9650-5 (9645-60): These mounts 9560-2 (9850-1): settlement 9655 (9650-Final Kerb Close: 9650-55 Turnover: 1,470 tonnes. Turnover: 1,470 to 29.32 (29.22) kilo.

### ZINC

	Official close(p.m. L per t		High/Id
Cash 3 months	580 1 590.5 1	1-2,0 1-1,75	  -695 58

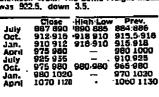
Official closing (am): Cash 578-80 (577-9): three months 590-1 (588-9). settlement E80 (579). Final Kerb Close: E82 9 Turnover: 12.000 tannes: U.S.

### MAIN PRICE CHANGES

June 11 + or Month 1986 - ago £1100 |......£1100 \$1080,090 -- 10 |\$1|45/175 ash b Grade. Gold troy oz .... Lead Çash .....

GOLD BUL	TION (TIME OUT	de) anue 17
Close Opening M'ri'g fbt. Aft'n'nfix.	\$315-3151g \$315-3131g \$313,25 \$315,00	(£249.949) <sub>4</sub> (£247) <sub>4</sub> .248 (£247.962) (£249.307)
GOLD	AND PLATIN	LIM COINS
	\$52110-322 \$16714-16714 \$8510-86	(£2644-264 (£1824-152 (£671e-68)

LME-Turnover: 43 (46)



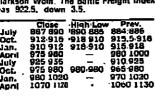
GRAINS

# Cocos Pt. Sept. Coffee Pt. Sept. Cotton A Index Gas Oil July Rubber (kilo) Sugar (raw) Wooltops 64s

# GOLD

Hose \$315-31519	(£249.2491 <sub>2</sub> )
Pening \$318 31319	(£2473 <sub>4</sub> .2481,
Fining flat. \$313.25	(£247.962)
Ift'n'n flat. \$315.00	(£249.307)
gold and platin	UM COINS
rg'rnd \$52112-322	(£2644,-2641)
g Krug, \$1674-1674	(£1824, 1524
4 Krug. \$851g-86	(£671e-681
/18 Krug. \$55.561g	(£273 <sub>4</sub> -28)
Appletent \$324 3341g tew Sov. \$ /43, 751,	(£59 59%;

+ or LM.E. + or p.m. Unoffic1 SILVER per troy Bullion fixing price



June 11 + or Month 1985 - ago Coconut (Phii) . \$617.50 + 7.56; \$720 Paim Malayan : \$570y + 10 8630 

23117.5 4.5 £2105. 62.80c 0.48 65.40c 3210.75 8217.0 66p +2 64p 582.5 888

**GRAINS** July wheat reached 50 up before quietly easing on weaker physical market to Close at the day's low. New crop saw commercial buying to improve 25p but failed to hold as hadge selling entered the market and closed on a weaker note, reports Muirpace. WHEAT

	l I	Yesterd'ys		Vestardy	re — ∩
	Mnth	close	, ''	close	
•			:	<del> </del> -	<del></del>
d	July_	118.60	+0.35	! _	i _
1				98.15	-0
- 1	Merc			101.80	
.	NUT -			105.50	_6.
	32/1			108.50	.⊏ŏ:
:		112.50	-0.W	111.30	1-05
	May	110,00	-0.30	111.30	<u>]-0.</u>
	8.60, Jan May 100 to Nov	102.15-1.90 108.80-8.5	-8.90, Mai - Sa urley: - Jan	Nov 102. rch 109. les: 207 Sept 98. 105.60	40-2.1 55-9.3 lots 45-8.3

LONDON GRAINS—Wheat: U.S. dark northern apning No 1 15 per cent, July 143. Aug 140.25, Sapx 139.85, Oct 143.75, sellers transhipment East Coast. U.S. No 2 Soft red winter, July 124.50, Aug 126.90, Sept 130.45, Oct 131.60, sellers. English Feed fob, June 127, Aug/Sept 39.00, Sept 100. Oct/Dec 104, Jan/Mer 110, sellers. Maize: U.S. No 3 Yellow/Freach transhipment East Coast, June 145.50, sellers, Barkey: English Feed fob, July/Aug 97.50, Aug 98.50, Oct/Dec 104.50, sellers East Coast, Rest unquoted.

MGCA—Locational ex-ferm spot

# HGCA-Locational ex-ferm apprices: Fed Wheet: S. East 117.8 S. West 115.20, W. Mids 117.80: Fed Barley: S. East 140. W. Mids 10.00 The UK monetary coefficient for a week beginning Manday June (based on HGCA cafculatous using days exchange rates) is expected remain unchanged.

With weather conditions improving in the Brazilian coffee belt robusta futures had a quietar session with prices locked in a narrow range. Early commission house buying was easily absorbed by trade selling and prices drifted back towards Mondays lows until support from U.S. operators steeded prices in the alternoon, reports Drexel. Burnham and Lambert.

	!		
July	2068 69	4.0	2085 65
Sept	2117 18	-4.5	2138 10
Nov	2156.57	-	2173 53
Jan		+ 7.0	2202-81
March			219393
May		+7.5	-
Julý	2160.00	± 10.0	
Sales: 1,0	659 (4,084	) lots (	of 5 tane
IÇO indic	cator price	s (US.	CONTS D
pound) for			

# INDICES **FINANCIAL TIMES**

Jine 10: June 7: With agolyearago 276.48 283.42 294.42 305.76 RÉLITERS

June 11 June 10 Meth ago Year ago MOODY'S May 14 May 13 M'th agolyearago

# DOW JONES

Spot :117.78[17.47] — [140.65 Fut. |120.81|120.81| — |140.51 (Base: December 31 1974 — 100)

# COCOA

Futures were more active today an closed on a reasonably steady not with the near positions appreciating some £15.00 on the forwards. Physical interest was apparent with both pro-

COCOA	Yesterday's Close	+ 01	Busines
	2 per tonne		Done
ulyuly	1800-1801	+17,0	1884-178
6C	1792.1783 1761-1754	1+4.0	1758-174
Mr	1759-1760 1763 1766	.+1,0	1767-174 1770-175
ily	1765-1778 1778-1786	-5.5	1776-177

LONDON DAILY PRICE—Raw sugar \$22.50 (£35.50), unchanged (unchanged) a tonne for June/July delivery. White sugar \$135.50, up \$1.00. Reports that inter-operation business was continuing at increasing premiums to futures prices helped prices to recover somewhat, reports C. Czamikow.

Sales: 1,634 (1,326) lots of 50 tonnes, Tate and Lyle delivery price for granulated basis sugar was £167.00 (same) a tonne for export. International Sugar Agreement—
(U.S. cents per pound fob and stowed Caribbean ports.) Prices for June 10: Daily price 2.69 (2.71): 18-day average 2.78 (2.79).

SOYABEAN MEAL The market opened £1.00 lower on trade selling, reports T. G. Roddick. Prices continued to drift on through the day closing on the lows.

# OIL :

Brent staged an overnight recovery.
July gained 30 cents and August and
September 20 cents: Jun Forties treded
at \$26 and Ninian close to that level.
June Brent is assessed at \$26,50/60.
Nymex WTI for July opened 16 cents
up and treded 27 cents up at noon
EST. In the petroleum products market
prompt gasoll prices slightly firmed.
Bad weather in the Bakic has delayed
some Russian liftings. This has led to
some unfulfilled June 1-15 contracts
and created some short-covering
demand, Petroleum Argus London.

	Latest	Change + or
CRUDE OIL-FOB (\$	per barrel)	— July Č
_	26,40 28,45 24,95-25,05 25,90-25,05 28,10-26,20 27,86-27,05	+0.30
PRODUCTS North V Prompt delivery cif	(\$ per tonn	: e)

GAS U	IL FU	IUNI	£ <b>3</b>							
GAS OIL FUTURES										
Month	Yest'day' Close	+ + or	Business Done							
	\$ U.S. per tonne									
	212,50 210,76 212,00	+0.75	212,50-10,75 212,98-18,80 213,75-71,25							
Sep Oct Nov	214,25 216,25	-0.75 -2.75	216,00-11,75							
Dec	219.25 220.00	-1.76	_							

# **POTATOES**

£ per tonne 59.80 | 60.10 66.50 | 68.30 Sales: 439 (358) lots of 40 tonnes.

RUBBER

A CONSTRUCTIVE wheat

crop estimate produced higher wheat prices on the

opening which were main-tained throughout the day, reports Heinold Commodities. Soyabean complex opened weak on reports of general precipitation. Professional buying triggered local short-covering which wiped out all losses in old-crop months and rallied the new-cron months covering ahead of the close. Precious metals tracked currecords means throughout the session in their dealings. Copper remained in its recent trading range, awaitrecent trading range, awaiting economic data due out later this week. Sugar attracted bargain hunting following yesterday's decline to new contract lows. Cocoa opeued higher in reaction to a weaker dollar and continued to firm on technically inspired hunting and buying and concern about tight nearby cash supplies. Reports of light frost in Brazilian growing areas lifted

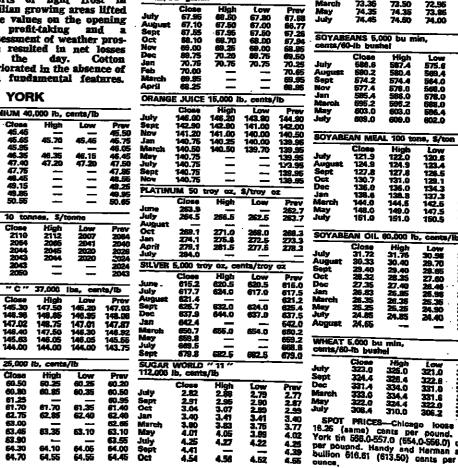
coffee values on the opening but profit-taking and a reassessment of weather prospects resulted in net losses for the day. Cotton deteriorated in the absence of treeh fundamental features.



PIGMEAT 100.60 | 100.60 | — 105.70 | 105.80 | — 106.00 | 105.90 | 108.80 | — 106.00 | 105.90 | 108.80 | — 99.30 | 99.30 | 99.80 | — 97.00 | 97.00 | —

PHYSICALS—The London market opened sharply higher, traded q at throughout the day and closed on a slightly easier note, reports Lewis and Past. Closing prices (buyers) spot 56.00p (84.00p), July 68.75p (67.00p), August 68.75p (7.75p). The Kusla Lumpur fob price for RSS No 1 was 199.00 (196.25) cents a kg and for SMR was 177.0 (same).

# **U.S. MARKETS**



# OTHER MARKETS

JUTE

JUTE—June/July shipment c and f Dundee, BTC \$750, BWC \$745, BTD \$725, BWD \$720; c and f Antwerp BTC \$750, BWC \$745, BTD \$725, BWD shipment, 40 in 10 oz £25.48, 7.5 oz £19.53; B Twills £61.29.

Liverpool—Spot and shipment sales amounted to 9 tonnes. Minor contracts were under review and support was about in West African styles.

### **WOOL FUTURES** SYDNEY GREASY WOOL-Close

order: buyer, seller, businese), Australian cents per kg. Aug 540, 542, 541-540; Oct 540, 542, 541-540; Dec 540, 542, 541; Jan 541, 542, 541; Mar 549, 551, 560; May 335, 357, 588,596; Aug 569, 571, 571-570; Dec 669, 571, 570. Sales: 78. SARITHFIELD MEAT—Pence per pound.
Boot: Scotch killed sides 76.0, 81.0:
English forequarters 51.5, 55.0: Ulster
hindquarters 83.0, 98.0. Veal: Dutch

MEAT COMMISSION—Average fat-stock prices at representative markets: GB—Cattle, 99.40p per kg lw (+0.22); GB—Sheep, 188.65p per kg est dow (-7.92); GB—Pigs, 78.52p per kg lw (+0.48).

hinds and ends 139.0, 145.0. Lamb: English small 80.0, 98.0. medium 80.0. 84.0: heavy 78.0, 80.0: imported: New Zealand Pt. 65.5, 67.0; PX 65.0, 68.0. Pork: English under 100h 49.0, 57.0; 100-130h 51.0, 55.0; 120-160h 42.5, 45.0.

A: 23, 3

95区 250% 1 445 2 Lin

WHEAT

MAK PIKING

# TVORY CON FOREIGN EXCHANGES

aday June 12 1985

 $\min_{t \in \mathcal{T}_{t}} \| g_{t} \|_{L^{\infty}(\mathbb{R}^{n})}$ 

. . .

STORY OF THE STORY

futures link

agreed

boost coce Dollar lacks inspiration

> The dollar closed at DM 3.0880 from DM 3.1020, having found support after touching a low of DM 3.08. Elsewhere it finished at SwFr 2.5980 from SwFr 2.6120 and Y249.85 compared with Y250.45. Against the French franc it eased to FFr 9.4125 from FFr 9.4525. On Bank of England figures, the dollar's exchange rate index fell from 146.3 to 145.7. rate index fell from 146.3 to 145.7.
>
> STERLING — Trading range against the dollar in 1985 is 1.2945 to 1.0525. May average

POUND SPOT-FORWARD AGAINST POUND

The dollar finished slightly weaker overall in currency markets yesterday but remained within its recent trading levels. There were no new factors to influence the market and although the U.S. unit retained a fairly bullish undertone, the absence of any fresh economic data inhibited the desire to push it beyond DM 3.12 against the D-mark. Tomorrow sees the release of U.S. retail sales figures and these are likely to assume greater importance than usual in influencing market sentiment.

The dollar closed at DM 3.0880

EMS EUROPEAN CURRENCY UNIT RATES

±1.5471 ±1.6419 ±1.1475 ±1.3669 ±1.5171 ±1.6673 ±4.0418 8.14104 2.24422 6.83940 2.52877

> DOLLAR SPOT-FORWARD AGAINST DOLLAR ne 11 spread Close One month 7. months 1.2802-1.2836 0.56-0.52e pm 1.2803-1.2836 1.0138 0.56-0.52e pm 1.2803-1.2836 1.0138 0.50-0.32e pm 1.2803-1.2836 1.3705-1.3715 0.22-0.25e dis 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.2803-1.2836 1.28

CURRENCIES, MONEY and CAPITAL MARKETS

range.

9.00 am .....

10.00 am ..... 11.00 am .....

3.1024. Exchange rate index 121.6 against 120.8 six menths

The dollar finished towards the day's low in Frankfurt. It closed at DM 3.0870 after a fixing level

trading and the dollar remained confined to its recent trading

> STERLING INDEX
> June 11 Previous 79.3

> > 79.3 79.2 79.2 79.2 79.2 79.2 79.3

| U.S. | 1.2600-1.2570 | 1.2625-1.2635 | 0.56-0.53c pm | D.B. | mooths | D.B. America link Switz.

\* Our Commencies Note Rates

Argentina Peso. 930,80-932,20 738,10-738,70 Austria 1.8935-1.8975 1.5036-1.5037 Beigium 5.610-6,630 Benmark 7,075 7,113 5,610-6,630 Benmark 7,075 7,113 5,610-6,630 Benmark 7,075 7,113 5,610-6,630 Benmark 7,076 7,113 7,076 7,113 7,076 27.30.27.60 78.70.79.60 15.94.14.08 11.84.11.96 5.8814.3.9219 2465.2600 514.3.19 11.16.11.27 213.230 21419.22834 11.29.11.35 5.27.3.30 1.2518.1.3719 5.36-355 \* Salling rate.

CURRENCY MOVEMENTS CURRENCY RATES

79.5 145.7 87.7 111.8 89.0 77.4 181.6 138.9 112.2 64.9 45.4 

1980-1982=100. Bank of England Index (bese average 1975=100).

### **EXCHANGE CROSS RATES**

June 11	Pound St'rling	U.S. Dollar	Deutschem k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	talian Ura	Canada Dollar	Belgian Fred
Pound Sterling	0.79g	1.263	3.900	315.5	11.87	3,283	4.595	2476.	1,782	78,60
U.S. Dollar		1.	5.088	249.9	9.418	2,598	3.481	1965.	1,671	62.25
Deutschemark	0,256	0.594	12,36	80,90	3.044	0.84E	1.187	634,9	0.444	20,15
Japanese Yen 1,000	8,170	4.003		1000,	37,62	10.40	13.93	7848,	5.488	249,1
French Franc 16 .	0,842	1.064	3,285	265.1	10.	2.765	3.705	2085.	1,459	66,22·
Sw 15 Franc	0,305	0.585	1,188	96,12	5.616	1.	1.539	754.3	0,587	23,95
Dutch Guilder	0.828	0,987	0.887	71.79	2.701	0.747	1.775	563.4	0,594	17,88
Italian Liira 1000	0.404	0,510	1.575	187,4	4.794	1,326		1000.	0,699	31,74
Canadian Dollar	0,578	0,729	2.152	182,2	6.856	1.896	2,538	1430	1.	45,59
Belgian Franc 100	1,272	1.607	4.962	401,4	15.10	4.176	5,592	3150,	2,803	100,

June 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	italian Lira	Selgial Conv.	Franc Fin.	Yen	Danish Krone
Short-term	1269 1234 1219-1269 1214-1269	75g 754 716·716 75g 754 716-716 77g 8 814 63g	914 10 914 10 918 914 918 918 914 918	7½-7½ 7-7½ 6½-6½ 6¼-6½ 6¾-6¾ 658-64	5.34 24-21 <sub>2</sub> 54-54 54-54 54-54	51g-56g 51g-56g 61g-56g 61g-51g 56g-61g 56g-61g	101g-1014 101g-1014 101g-1014 101g-1016 1016-1016 1016-1016	13-14 13-14-14 13-13-12 13-13-13-13-13-13-13-13-13-14-13-14-14-14-14-14-14-14-14-14-14-14-14-14-	85g-87g 83g-9 83g-9 83g-9 87g 91g 91g-91g	858 878 854 9 854 9 878 914 878 915 918 946	5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	101e-11 10 101e 91e-101e 91e-10 91e-95e 91e-10

Asian \$ (closing rates in Singapore); Short-term  $T^{\mu}_{k}$ - $T^{\mu}_{k}$  per cent; seven days  $T^{\mu}_{k}$ - $T^{\mu}_{k}$  per cent; one month  $T^{\mu}_{k}$ - $T^{\mu}_{k}$ -per cent; six months  $T^{\mu}_{k}$ - $T^{\mu}_{k}$ -per cent; Long-term Eurodollars; two years  $S^{\mu}_{k}$ - $S^{\mu}_{k}$ -per cent; lour years 10-10% per cent; three years  $S^{\mu}_{k}$ -10 per cent; lour years 10-10% per five years  $T^{\mu}_{k}$ - $T^{\mu}_{$ 

# **MONEY MARKETS**

# Rates static in very quiet trading

UK clearing banks base lending rate 12} - 12} per cent since April 19

1131-12 per cent and three-month interbank money finished at 121-121 per cent compared with 121-121 per cent. The Bank of England forecast

a shortage of around £600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £261m and the limited for a provious sale and together draining £261m and the unwinding of previous sale and repurchase agreements a further £253m. Exchequer transactions accounted for £40m and banks brought forward balances £100m below target. These were partly offset by a fall in the note

### FT LONDON INTERBANK FIXING

(11.00 s.m. Three months	June 11) U.S. dollars
bld 711/16	offer 7 18/16
Six months U	).S. dotlars
bid 77/8	offer 8

The fixing tates are the arithmetic means, rounded to the nearest one sixtonnih, of the bid and offered rates for Sidm quoted by the market in two reference banks at 11 am oach working day. The banks are National working day. The banks are National Wostminster Bank, Bank of Tokyo, Deutsche Bank, Sangue Nationale de Paris and Morgan Guaranty Trust.

Interest rates showed hardly any change in London yesterday in very quiet trading. Sterling was little changed and there did not appear to be any new factors to influene the market. Attention is already moving to the Copec meeting at the end of this month and some dealers suggested that even this may fail to provide any new stimulus. Three-month eligible bank bills and 27 per cent, 2185m in band 2 (15-33 days) at 12½ per cent, 2185m in band 2 (15-33 days) at 12½ per cent, 2185m in band 2 (15-33 days) at 12½ per cent, 2185m in band 2 (15-33 days) at 12½ per cent, 2185m in band 2 (15-33 days) at 12½ per cent, 2185m in band 2 (15-33 days) at 12½ per cent, 2185m in band 3 at 12½ per cent,

june 11	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brusseis	Dublin
ernights monthssp monthssr month	8.46-5.55 5.50-5.60 5.55-5.70 5.55-5.70 6.6-5.75 6.0	10% 10%-10% 10%-10% 10%-10% 10%-10%	226 216 5-515 518-514	679-678 679-7 634-618 619-618	6,03125 6,81875 6,28185	151 <sub>8</sub> -151 <sub>8</sub> 16-151 <sub>8</sub> 151 <sub>8</sub> -151 <sub>2</sub>	5,15 634-9 879-916 846-916	1258-1278 1258-1278 1258-1254 1258-1258 1258-1258
		-						

Discount Houses Deposit and Bill Rates LONDON MONEY RATES 18%-1812 1212-12% 1212-12 % 11-12<sup>1</sup>g 11-13 124-192 1279 124 1256 — 121<sub>2</sub>-12<sub>1</sub>5 121<sub>4</sub> 121<sub>4</sub> 121<sub>9</sub> 1814 1214 12 13 1115 1318 12 1178 1214 1214 1214 1214

Local Auth. Local negotiable Authority bonds Deposits 7.45-7.55 17.45-7.55 17.55-7.68 17.75-7.85 18.95-8.15 8.15-8.25 94 94 94 94 94 94 114 1154 1156 1156 214 836 --바망 Treasury Bills Two years..... Three years..... Four years..... Five years..... One month . Two month . Three month

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period May 8 to June 4 (inclusive): 12.677 per cent. Local authority and finance houses seven days' fixed. Finance Houses Base houses seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association); 13 per cent from June 1, 1985. London and Scottish Clearing Bank Rates for lending 12-12-12- per cent (net). Bank Deposit Retus for sums at seven days' notice 8.85-7.25 per cent (net). Bank Deposits File: Average tender rate of discount 11.8317 per cent. Certificates of Tax Deposits (Series 6): Deposits 100,000 and over held under months 12-2 per cent; one-time months 12-2 per cent; three-six months 12-2 per cent; one-time months 12-2 per cent; one-time months 12-2 per cent; Deposits File under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES NEW YORK (Lundtime)

FINANCIAL FUTURES

# Small recovery

Euro-dollar prices finished market hopes that the Fed may towards the best level of the day take a more accommodative in the London International stance if the U.S. economy fails Financial Futures Exchange yes to pick up towards the end of this of DM 3.0898 and compared with Monday's fixing of DM 3.0972 and a close of DM 3.1020. There were no new factors to influence rinancial Futures Exchange yesterday. Much of the day's activity
was confined to chart trading in
the absence of any fresh
economic data. The effects of
last Friday's U.S. unemployment
figures appeared to be wearing
off and prices retained a generally bullish undertone amid
expectations that statistics due

to pick up towards the end of this
pear and this helped values to
finish close to the day's highs.

Sterling based instruments
tended to reflect the fortunes of
the pound against the dollar and
unlike the Euro-dollar sector
where there was a reasonable
volume, three month sterling
expectations that statistics due expectations that statistics due for release later this week would deposits contracts suffered from a lack of participation and

fail to show any upturn in economic activity.

Comments by Martha Seger, Governor of the U.S. Federal Reserve Board, gave rise to up on the day.

£ IN NEW YORK | Sept 91.53 91.84 91.85 91.85 91.85 91.85 91.85 91.85 91.85 91.86 91.85 91.86 91.85 91.86 LONDON June 11 : Prev. close

Dec - 0.404 Est. volume (nii) nii Previous day's open int. 257 (148) | Close High Low Prev Sept June 130.76 130.80 128.50 129.35 Dec Sept 131.25 131.30 130.15 129.80 March June Previous day's open int. 1,553 (1,564) Sept

Ar YEAR 12%, NOTIONAL GIL1

F50.000 32nds of 100%

Close High Low 765-11
Sept 106-16 106-14 106-05 705-11
Sept 110-12 110-13 110-04 110-05
Dec 110-22 — 110-15 Sept 92.77 92.79 9
March 110-25 — 110-15 Dec 82.47 92.79 9
Est. volume 1.469 (1,352)
Previous day's open int. 2,965 (3,923)
Basic quota (clean cash price of 159.% Sept 91.78 91.78
Tressury 2003 less equivalent price of near futures contract) —10 to par (32nda)

SIENLING 225,000 5 per £

High Low Prev

Latest High
CERT, DEPOSIT (IMMe)
Latest High
CERT, DEPOSIT (IMMe)
Latest High
Latest High 70-17 70-17 70-17 69-22 Close High Low Prev Sim points of 100%

Sept 1.2505 1.2505 1.2468 1.2460
Dec 1.2385 — 1.2340 June 92.56 92.58
2st. volume 67 (873) Sept 92.25 92.25
2revious day's open int. 5.144 (9,888) Dec 91.74 97.74

PEUISCHE MARKS DM 125.000 March 91.33 91.33 THREE-MONTH EURODOLLAR (IMM) Labst High Low 1.2840 1.2845 1.2805 1.2490 1.2500 1.2455 1.2290 1.2390 1.2390 GNMA (CBT) 8% \$100,000 32nds of 100% | Latest | High | Low | Prev | 76-14 | 76-14 | 76-02 | 75-25 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 | 76-26 |



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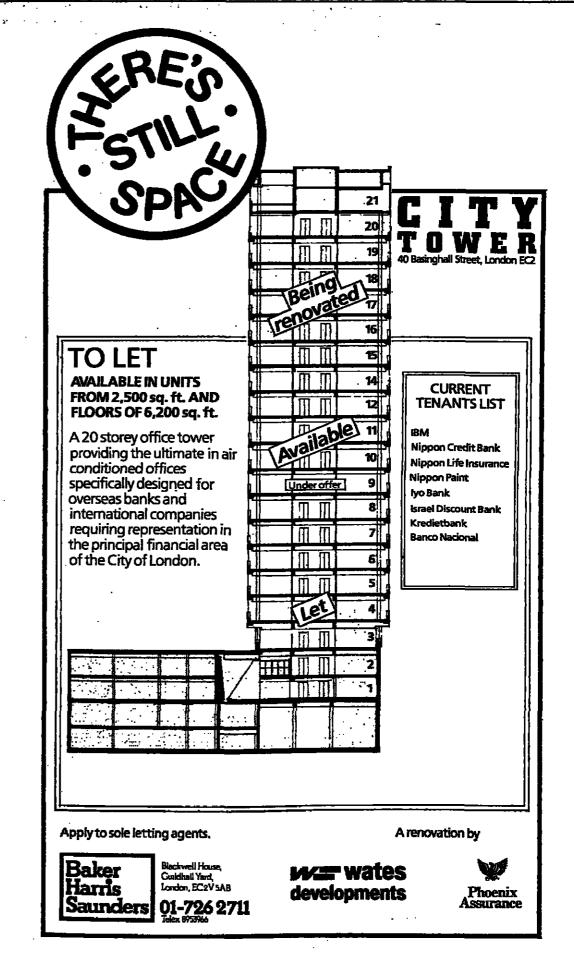
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1284 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.45 | 11.4 BANKS, HP & LEASING Price - Net C'vr:Gr's: P/E **CORPORATION LOAMS** 100.1 973-Bath 111-pt 1985 ...
1009-1044-Barmentean 131-pt 1989 ...
1009-1044-Barmentean 131-pt 1989 ...
1009-104-Barmentean 130-pt 1989 ...
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| Frice |+ or | Div % | Red. |
| Stack | E | - | Gress | Yield | BEERS, WINES & SPIRITS | 153 | 184eo-Lyar. | 198eo-2 | 7.5 | 6 | 54 | 9 | 1472 | 1829 | 133 | 184eo-Lyar. | 198eo-2 | 7.5 | 6 | 54 | 9 | 1472 | 1829 | 133 | 1420 | 120 | 120 | 133 | 148 | 36 | 42 | 191 | 136 | 148 | 148 | 156 | 42 | 191 | 136 | 148 | 148 | 156 | 42 | 191 | 136 | 148 | 148 | 156 | 42 | 191 | 136 | 148 | 148 | 156 | 42 | 191 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 13 BEERS, WINES & SPIRITS High Law **AMERICANS** Low · | S1.20 - | 2.1 | S1.20 - | 3.4 | S1.20 - | 3.7 | S1.20 - | 1.7 | S1.20 - | 4.2 | 20d - | 1.3 | 20d - | - | 51.90 - | 3.5 | S1.22 - | 2.7 44\tag
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### LEISURE—Confined

### LEISURE—Confined Financial Times Wednesday June 12 1985 INVESTMENT TRUSTS—Cont.

Stock Price | + or | Stock | Price | - | Net | Cwr | Gr's | 182 | Family law, 19. |
183	Family law, 19.		
184	185	Family law, 18.	
185	187	Frist Charlotar Assets.	
186	187	Frist Charlotar Assets.	
186	187	Frist Charlotar Assets.	
187	188	188	189
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Marcots 2 | 290 | 250 | Ayer Heam SM1 | 250 | 200 | Gevetr | 250 | 200 | Gevetr | 250 | 275 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 277 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | | The content of the | 13 | 10 | Securities | 10 | NOTES 75 10 44 | 198 | 198 | Person later | 220 | 221 | 231 | 242 | 232 | 234 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 235 | 2 Finance, Land, etc | 195 | 162 | Abordere Trust | 194 | 167 | 168 | Akisa hw | 177 | 16 | 167 | 168 | Akisa hw | 177 | 16 | 167 | 168 | 167 | 168 | 167 | 168 | 167 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 REGIONAL & IRISH STOCKS The following is a selection of Regional and (rish stocks, the latter in this currency. 175 ... 180 ... 133 ... 53 ... 15 -2 43 ... 16 -2 16 +2 OPTIONS - 3-month call rates 12 18 20 "Recent Issues" and "Rights" Page 34

enday Jame 12 h

RECENT ISSUES

**EQUITIES** 

193 F.P. 2816 106 104 \$125 F.P. 51/6 121 154 179 F.P. 28/6 190 176 130 F.P. 134 129 275 20010/9 253 203 976 F.P. 88 203 165 F.P. 21/6 176 168 135 F.P. 21/6 176 168 135 F.P. 21/6 105 197 200 F.P. 31/6 500 250 \$117 F.P. 31/6 500 250 \$117 F.P. 31/6 300 250

5117 | F.P.|31/5 | 130 | 180 | 4300 | F.P.|28/6 | 443 | 370 | 190 | F.P.|7/6 | 205 | 185 | 100 | F.P.|7/6 | 100 | F.P.|7/6 | 189 | 145 | 500 | F.P.|7/6 | 189 | 145 | 500 | F.P.|7/6 | 106 | 62 | 5175 | F.P.|7/6 | 205 | 175 | 176 | F.P.|7/6 | 205 | 175 | 176 | F.P.|7/6 | 205 | 175 | 120 | F.P.|7/6 | 125 | 120 | 7.P.|7/6 | 205 | 175 | 120 | F.P.|7/6 | 125 | 120 | 7.P.|7/6 | 125 | 125 | 120 | 7.P.|7/6 | 125 | 125 | 120 | 7.P.|7/6 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |

RIGHTS OFFERS

ACTIVE STOCKS

Share Information Service

included Sun Oil Royalties, Great Western Resources, A. F.

I ANDAN TRADED ARTIONS

Stocks favoured for the call

분들! Latest

FIXED INTEREST STOCKS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover dased on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Grees. p Pencs unless otherwise indicated. I seased by tender. If Official holders of ordinary shares as a "rights." Take besued by way of capitalisation. S Reintroduced. T issued in connection with reorganisation entryer or takeover. Market. S Placing price. T Figures examped. 11 Official London Listing. 13 Dealt in under Rule 535(3).

# Uneventful day but equity markets stage modest rally

Option
\*First Declara- Last Account Dealings tions Dealings Day
May 13 May 30 May 31 June 10
June 3 June 13 June 14 June 24
June 17 June 27 June 28 July 8 "New-time" dealings may take place from 9.30 am two business days

Lindon equity markets presented a much brighter picture yesterday, despite a continuing dearth of business. Although the recent drain on market funds remained a restraining factor—Monday's announcement of Hanson Trust's £519m rights issue followed hard on the heels of English China Clays' £86.3m cash call—many blue chip industrials staged a small raily in the absence of further selling. Substantial funds were also thought to be tied up in the £243m Abbey Life offer for sale which closes today. There were few factors to help the equity market, but the easing of inflationary pressure as shown by the small rise in raw material prices in May, gave a boost to underlying sentiment.

The early anno incement of a bid for Capital and Counties worth 225p per share cash from Transatlantic Insurance Toldings enlivened the property sector for a short period. Elsewhere, some of the more recent speculative favourites encountered further profit-taking. However, current bid candidates such at Tate and bid candidates such at Tate and Lyle and Boots were favoured. Helped by the speculative interast shown in Tate and Lyle, up 10 at 512p, and Boots, 8 dearer at 193p, the Financial Times Ordinary share index gradually improved to close 7.1 higher at 998.4.

Among overseas issues, Hong

Among overseas issues, Hong Among overseas issues, hong Kong stocks sustained a sharp setback amid fears of a secondary banking upheaval in the wake of the failure of the Overseas Trust Bank. Monday's rally in U.S. bonds

together with sterling's over-night improvement and the encouraging trend in raw material prices belped promote a small recovery in Government stocks. Here too, however, business was extremely light Long-dated stocks opened a frac-tion higher and edged ahead to settle with gains ranging to \{.}
The shorter maturities followed a similar pattern and closed with

### Composites revive

Neglected of late as Life issues have taken the limelight in Insurances following the in Insurances fololwing the Government's proposed abolition of the State earnings-related pension scheme, Composites returned to favour yesterday. Buying ahead of a two-day investment seminar on the industry to be held this week at the Savoy Hotel prompted double-figure gains in places. Although best levels were not held, Royals still closed 20 higher at 680p, after 687p. General Accident firmed 15 to 620p, after 625p, and GRE ended 620p, after 625p, and GRE ended the same amount dearer at 720p, after 725p. Sun Alliance

**EQUITY GROUPS** 

& SUB-SECTIONS

CAPITAL GOODS (207)

Motors (17) ...

Health and H Leisure (23).

Tobaccos (3)

Banks (6)..

British Son

2 5-15 years.

All stacks

3 Over 15 years.

1 |5 years

Chemicals (17)
Office Equipment (4)
Shipping and Transport !
Miscellanen

Merchant Banks (11)... Property (50)......

ALL-SHARE INDEX (737)

FT-SE 190 SHARE INDEX ....

FIXED INTEREST

129.81

134.54

145.59

128.29

109.03

Mon June 10

+0.12 | 117*5*7

+0.19 129.57

+0.29 135.95 +0.04

+0.18 128.06

-0.11 | 109.15

79.31 +0.35 79.03

145.53

Other Financial(24)

OTHER GROUPS (98) ...

INDUSTRIAL GROUP (483)

Mechanical Engineering (63) ... Metals and Metal Forming (7)...

CONSUMER GROUP (178) ... Brewers and Distillers (23) ...

Newspapers, Publishing (12)... Packaging and Paper (14)... Stores (41)... Textiles (19)...

ransport (12)... Yous (63).....

rial Materials (17)...

spectrative Commercial and hardened a penny to 222p, after 224p. Elsewhere, Legal and General, at 757p, and Prudential, at 725p, gained 7 apiece.
Lloyds rose 7 more for a twoday gain of 15 at 597p following further reports that the IMF has eached agreement with

further reports that the IMF has eached agreement with Argentina on a standly loan. Other clearers edged higher with Barclays, 385p, Midland, 355p, and NatWest, 665p, all 5 higher. Leisure group Brent Walker made a satisfactory market debut; the shares, expected to command a small premium, opened 4 above the offer price of 130p, but slipped to 129p before picking up to close at before picking up to close at 132p.

Guinness hardened a couple of pence to 280p, after 285p, after announcing interim profits at the top end of market estimates. Leading Buildings began cautiously, but a shade firmer for choice. BPB industries finished a shade better at 258p, after 253p, and Blue Circle a couple of pence firmer at 530p, after 525p. Tarmac remained a steady market and bardened 2 to 606p following the annual meeting, but Redland slipped 3 to 279p ahead of tomorrow's annual

results. ICI continued to trade quietly and moved between 785p and 754p prior to closing 3 dearer on balance at 762p. Elsewhere, Amersham International fell 11 to 357p following comment on the annual results.

### Debenhams react

Worries, exacerbated by a Worries, exacerbated by a Press article, that Burton's shares-and-cash bid for Debenhams is likely to incur a Monopolies Commission reference unsettled sentiment in the latter which dipped 11 to 387p; Burton, still widely rumoured to be preparing an increased offer, advanced o 503p before closing 5 up on balance at 498p. Elsewhere in Stores, Body Shop International met nervous selling International met nervous selling ahead today's half-timer and dipped 40 to 790p.

ahead & today's nair-timer and dipped 40 to 790p.

Standing around 8 easier immediately ahead of the preliminary results, Electrocomponents rallied sharply on news of the 33 per cent annual profits increase to close 17 to the good at 285p. Farnell firmed 7 to 177p and Unitech 8 to 228p in sympathy. Elsewhere among secondary Electricals, Resource Technology jumped 10 to 40p, after 43p, on news of a bid aproach. BSE were notable for a recovery of 5 22 80p, while Acorn, the troubled home computer group rescued earlier this year by Olivetti, dropped to 11p before closing a penny lower at 12p following reports that it may sell a number of its subsidiaries because of further liquidity problems. AB Electronics came on offer at 335p, down 15, while Microfocus gave up 10 to 310p. United Scientific reflected fading takeover hopes with a decline of takeover hopes with a decline of to 193p, after 185p. The recently beleaguered leaders, staged a modest rally. GEC hardened 2 to 176p as did Racal to 186p and Them EMI to 436p.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

Earnings Yield% (Max.)

10.40 12.48 13.18 10.54 10.07

10.35 12.31 12.84 7.13 9.59 11.43 12.12 5.45 5.85 8.70 6.80 11.15

7.73 17.04 17.06 8.88 13.71 7.27 8.19 7.34 7.74

7.81

5.92 8.90

11.46 9.45

632.00 +0.4 | - 4.51 | -

म्ब क्यां. 1985 क्यां क्यां

5.09

434

630

5.33

5,69

1.03

BRITISH GOVERNMENT INDEX-LINKED STOCKS

537.85 - 526.44 +0.1 774.93 -0.4 1491.51 -0.2 1491.51 -0.5 309.83 -0.5 201.77 +0.4 168.41 +0.9 987.76 -0.8 671.01 +0.6 590.72 +0.5 506.90 +0.2 1596.12 +0.9

1117.34 683.08 1801.11 338.24

696.81 758.50 181.09 1114.98 876.19

+0.1 +0.1 +1.7 +0.4 +0.1 +1.9

\_\_ -0.2 \_\_\_\_\_

-0.8 +0.5

+0.9 +0.6 +2.0

-1.2 -0.9

Tues June 11 1985

Gross Div. Viete'% (ACT at 30%)

4.20 4.91 5.32 4.89 3.48 4.50

7.54 5.80 3.20 3.80 4.64 4.81 2.51 2.53 4.76 4.17 3.25 4.94 4.94 4.91 3.99 4.64 4.71 3.53 3.72

4.29 3.66 5.83

3.43 5.67 6.51

12.02 9.81 9.79 11.99 12.91 11.77

10.17 9.67 16.84 12.90 10.93 10.53 24.44 19.97 15.05 19.03 10.35 17.51 6.73 6.57 14.20 17.96 16.86 16.86

864.25 — 7.74 3.72 16.86 0.70 864.25 894.67 873.31 4.56 650.61 +0.3 9.60 3.95 12.98 7.77 648.47 655.88 660.40 493.78 1134.95 +0.8 16.44 7.33 7.48 37.63 1125.51 1132.64 1147.91 1108.62 691.45 +0.4 10.49 4.39 11.85 10.16 668.72 696.02 701.53 545.36

\_\_ 17.22

22.71 13.66

10.22

13.09

| Index | Day's | Day's | Day's | June | June | June | June | June | Hoh | Year | No. | Change | High | Low | 10 | 7 | 6 | 5 | 4 | ago | | 1308.1 | +8.5 | 1308.9 | 1301.4 | 1299.6 | 1310.6 | 1322.0 | 1335.9 | 1336.6 | 1067.19

AVERAGE ÉRÜSS. REDEMPTION VIELDS

# firmer trend in Gilt-edged

FINANCIAL TIMES STOCK INDICES

Fixed Interest.......... 86,10 86,06 86,38 86,37 86,30 86,38 82,54 ..... 424.4 481.9 434.2 443.4 444.3 450.9 658.3 Ord. Div. Yield 4.62 4.65 4.62 4.59 4.56 4.55 4.72 Earnings, Yid.2 (full) 11.68. 11.67 11.58 11.51 11.43 11.42 10.96 P/E Ratio (net) (\*)...... 10,54 10,45 10,54 10,50 10,68 10,69 10,95 Total bargains (Est.) 22,092 21,863 20,867 23,312 22,878 19,945 18,056 Equity turnover £m.: - 502.40 380.70 392.60 351.90 339.90 820.04 

10 am 994.9. 11 am 995.2. Noon 994.5, 1 pm 994.9. 2 pm 995.2. 3 pm 996.3. Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/65. SE Activity 1974.

HIGHS AND LOWS S.E. ACTIVITY INDICES

Latest Index 01-246 8026.

_	19	85	Since Co	mpliat'n		June 10	, Junes
	High	Low	High	Low	Daily Gilt Edged		
wt. Secs.	82.00 (18/4)	78,02 (28/1)	127.4	49,18 (8/1/75)	Bargains Equities Bargains	· ·	
xed Int	85,38 (4/6)	82.17 (28/1)	150.4 (29/11/47)		Value 5 dayAverage	611,2	117.4 769.5
rdinary	1024,5	928.7 (å/1)	1024,5 (22/1/85)		Gilt Edged Bargains Equities	164,2	167.8
ad Mines	636,9 (16/4)	421.9 (19/8)	734.7 (15/2/88)	43,5 (28/18/71)	Bargains		119.9 717.0

GRN, looked upon as a possible Hanson Trust takeover target, rose 6 to 237p. Elsewhere in Engineerings, Parkfield put on 3 to 65p with the help of call option activity and Richards (Leicester) recorded a speculative improvement of 5 at 60p. Tate and Lyle, one of several major companies thought to be attracting the attention of Hanson Trust, encountered a late attracting the attention of Hanson Trust, encountered a late burst of buying interest and closed 10 higher at 512p. Other leading Food issues were irregular. J. Sainsbury firmed 4 to 318p following favourable Press comment, but Tesco softened a penny to 255p awaiting today's annual esults. Argyll Group gained 12 to 320p after revealing annual profits forme film above estimates and a better, than-expected dividend, while Nurdin and Peacock rose 10 to 178p following the chairman's report of a buoyant start to the current year. current year.

Metal Box please ·

Fri June 7

7.20 537.67 543.04 548.43 490.56 6.99 526.01 531.61 534.88 470.59 16.49 778.65 779.52 783.92 661.28 27.85 1494.66 1495.95 1538.87 1546.35 140.33 1457.83 1474.95 1499.24 1702.06 4.79 311.43 312.73 314.26 247.59 3.71 20.95 20.23 20.24 1.83 5.71

4.79 111.43 312.73 314.26 247.59 3.71 200.95 202.32 202.46 183.51 3.15 146.97 167.42 169.20 126.04 183.51 20.23 20.24 126.04 20.23 20.24 20.23 20.24 20.23 2

5.75 1102.63 1103.47 1112.96 805.86 12.59 682.42 672.01 677.63 602.67 32.34 1801.36 1801.59 1815.21 1334.08 2.50 332.75 336.00 336.09 240.13 8.45 641.81 649.87 654.14 448.00 6.38 327.51 326.62 329.97 262.23 17.44 86.05 864.10 851.50 627.64 6.00 696.43 708.97 774.55 436.56 60.55 864.10 851.50 627.64 6.00 696.43 708.97 774.55 436.56 185.50 185.60 876.89 122.65 185.60 185.60 876.89 122.65 26.39 1124.94 1132.48 851.08 6.94 871.79 885.60 892.51 608.95 0.70 864.25 884.69 893.51 608.95

9.14 473.32 473.40 476.96 362.72 11.71 465.70 464.61 471.38 349.60 14.71 766.51 759.95 752.83 459.81 8.53 358.33 357.17 359.09 275.35

19.87 1141.71 1144.85 1186.87 726.62 1.56 229.55 230.04 230.75 203.15 7.46 621.92 627.07 634.25 557.64 5.38 231.33 279.64 281.58 233.27

6.70 594.81 598.78 608.86 474.64 5.29 276.74 277.83 279.89 292.16 19.54 654.22 654.85 658.63 534.87

9.73 629.24 634.66 639.50 498.53

Toe Jane 11

18.64 10.29 11.61 10.92 10.45 11.48 11.97

10.10

11.87 11.70

11.53

Mon Jame 10

10.36 10.67 10.31 11.45 10.45 10.49 11.52 11.10 10.68 10.10

11.51

298 (2000)

12.01 11.44 10.71

index No.

Metal Box were outstanding among the miscellaneous industrial leaders, rising 30 to 433p in

expected preliminary figures. Reed International featured with a late speculative rise of 19 to a late speculative rise of 19 to
634p to the accompaniment of
Hanson Trust bid rumours; the
latter closed 4 dearer at 215p
following comment on the
group's proposed £519m rights
issue. Beecham added 8 to 378p
and Glaxo improved ‡ to £13‡.
Elsawhere greenlettive improve. Elsewhere, speculative improvements of 13 and 15 respectively ments of 13 and 15 respectively were seen in Relyon, 128p, and Slebe, 610p, while Barham rose 18 to 618p following the chairman's confident remarks at the AGM. Pentiand continued to reflect U.S. growth prospects with a fresh rise of 1 to £101 and Lep firmed 6 to 253p on reports that its associate, National Guardian Corporation, is to be floated on the U.S. overis to be floated on the U.S. overthe-counter market. Standard Fireworks added 4 to 172p on the results and proposed 50 per cent scrip issue. Blue Arrew, still reflecting recent press comment, added 7 afresh at 210p. Hong Kong stocks sustained a sharp setback as fears of a secondary banking crisis gripped the colony in the wake of the Trust Bank, Jardine Matheson fell 8 p to 109p, China Light dropped 9 to 149p and Hutchl-son Whampon relinquished 17 at

Motor Components lacked a decided trend. Buyers again showed occasional interest for Lucas Industries, 3 dearer at S14p, while Kwik-Fit hardened 2 for a two-day gain of 5 at 45p.

Dowty, on the other hand, reacted to scattered offerings and finished 6 lower at 194p. and finished 6 lower at 194p. Elsewhere Plaxtons (GB), the coachbuilders, slumped 6 to 67p following more than halved interim profits and the warning on profit margins. Among Distributors, Caffyns dipped 10 to 156p following second thoughts on the reduced preliminary earnings. In Publishers, East Midland Allied Press A equalled its 1985 peak of 142p before settling a net 5 to the good at 138p following the full-year figures and the optimistic statement.

which jumped to 228p prior to closing a net 28 up at 23p following the surprise bid of 225p per share from Transatlantic Insurance, a member of the Liberty Life group. The news enlivered interest in recently. enlivened interest in recentlysubdued Property leaders. Land
Securities, 287p. and MEPC,
290p, both improved 3, while
Hammerson A moved up 15 to
445p. Great Portland Estates
hardened a couple of pence to
152p awaiting today's annual
results. results.

results.

With the exception of Courtaulds, a couple of pence to the good at 140p, and Coais Patons, good at 140p, and Coais Patons, a penny up at 163p—the latter is regarded as a possible Hanson Trust bid candidate—Textiles displayed losses across the board. Nottingham Manufacturing, 214p, and Dawson Interntational, 278p. gave up 4 apiece, while the absence of takeover developments clipped 5 more from Car-pets International at 61p.

Tobaccos remained mixed. Imps dipped a couple of pence more to 191p reflecting the lack of news concerning its Howard

### Oils firmer

subdued market, but managed to register small gains overall. BP closed 7 to the good at 525p, Britoll rose 5 to 220p and Shell hardened a few pence to 687p. Secondary issues, on the other hand, met with further selling pressure. Saxon Oil dipped 7 more to 378p and Sovereign eased a further 2 to a year's low of 128p while Marinex gave up 3 to 80p and Edinburgh Oil and Cast 7 to 48p. In contrast up 3 to 80p and Edinburgh Oil and Gas 7 to 48p. In contrast, Premier Consolidated edged up 2 to 49p following the sharp rise in profits and the one-for-ten scrip isue. Caledonian Offshore remained an outstanding firm feature, advancing 20 more to a year's high of 575p amid persistent takeover rumours. Irish exploration stocks were marked exploration stocks were marked down sharply as dealers attempted to find a support level. attempted to find a support level. Modest demand was uncovered at the lower levels and the majority closed a shade off their lows. Eglington dropped to 58p prior to eding the day 7 cheaper at 60p while Bryson settled 10 down at 117p, and Osceola 6 easier at 38p, after 34p.

### Modest rally in Golds

The much steadier performance by the bullion price encouraged a minor rally in South African Gold and related stocks. Eight successive sessions of falling prices brought in a number of "cheap" buyers and an house of the buyers are buyers and an house of the buyers are buyers and an house of the b initial improvement in senti-ment was quickly followed by a flurry of interest prompted by the closing of bear positions. The Gord Mines index put on

Among the heavyweights Vaal Reefs improved § to £31§ while gains in the region of § were common to Kinross, £13§. Harmony, £10§. President Steyn, £20§ and St Helena, £13§. Cheaper priced issues were highlighted by Simmer and Jank and Loraine, which added 10 apiece to 2059 and 365p respectively. Final dividends from the gold mines in the Gold Fields group were generally regarded as satisfactory. The payment from Venterspost, however, was deemed better-than-expected and the shares responded with a 15 rise to 770p. Among the heavyweights Vaal

Bullion ended the day a net 33 firmer at \$315.25. rallied after an uneasy opening.

# **EUROPEAN OPTIONS EXCHANGE**

84	eries	Vol.	Last '	Vol.	<u> </u>	Vol.	Last	Stock
GOLD C GOLD C GOLD C GOLD P GOLD P	8320 8340 8360 8300 \$320	534 10 22	10,30 5,50 4,80	3 16 10 — 30	20 10.50 B 5.50 16.50	2 8 - 3	27 17 —	\$315.40
		Ju	inė.	Se	•	De		
SILVER C SILVER C SILVER P SIFI C SIFI C SIFI C SIFI C SIFI C SIFI C SIFI C	\$600; \$650; \$700; \$700; F1.345; F1.355; F1.355; F1.365; F1.370; F1.376	5  9 10 70 875 8 	20	4 8 11 8 	15 15 15 15 15 15 15 15 15 15 15 15 15 1	5 10	50 30    7,50 8	5620 /;  F1.847.70
SIFL C SIFL P SIFL P SIFL P SIFL P SIFL P SIFL P	FI.580 FI.525 FI.535 FI.540 FI.545 FI.550 FI.560 FI.565	10 4 2 74 200 52 2	0.05 0.20 0.30 0.80 2 4.40	15 	6.50 8.50 11.20 13.90	3 	=	7 III III III III III III III III III I
		J	ul.		Cot	J.	an.	
ABN C ABN P AEGN C AEGN P AH C AH C AKZO C AKZO C AKZO C AMRO C AMRO C GIST C	F1,460; F1,440; F1,200; F1,230; F1,230; F1,110; F1,110; F1,75; F1,801; F1,190;	20 14	7.50 1,80 5.70 3.60 B 6.90 0.70 3.80 1.50 5.80 1.50 4.30	_ 6	13.80 10.70 7.50 13.60 2.40 7.50 5.10 7.50	60 28 15	9.50 16.90 9.80 4.90	FI.456 FI.200 FI.264 FI.111.60 FI.169.50
GIST P HEIN C HEIN C HOOG C HOOG P KLM P NEDL C NEDL C NEDL P NATN P	FI.190; FI.150; FI.150; FI.50; FI.60; FI.60; FI.70; FI.70; FI.70; FI.70; FI.70;	6 107 40 210 71 273 268 2 57 29	3 , 0.80 , 2.80 , 0.70 , 4.20 , 0.80 , 1.50 , 6.50 , 70	32 73 56 109 44 23 5 5 69	2.40 4.20 5.20 1.50 B 5.80 4.70 8.20 1.50	22 60 6 41 6 142 13	5.50 6.80 2.40 B 3.50 7.40 A 2.80 3.10	F1.63.50 F1.163.50 F1.66.70
PHIL C PHIL P RD C RD C RD P RD P RD P ROBE C UNIL P	FI.60 FI.190 FI.200 FI.210 FI.180 FI.190 FI.300 FI.72,50 FI.360 FI.360	-	0.40 1.90 0.40 2.50 7.80	38 28	1.50 4.60 9.30 4.90 9.30 9.30 9.30 6.30 12 5.40 7.5	259 70 46	7.50 4,20 7.40 13,50	FI.56,10 FL192,40 FL192,40 FL79,90 FL79,90
TOTAL VO	LUME IN C	_		754	•		-	1
	A=A	sk.	B=Bid	C=	Celi	P=Put	:	

The Property sector displayed London-registered Financials one of the day's outstanding fea-railied after an uneasy opening. Rio Tinto-Zine were persistently bought after-hourse and settled 7 higher on balance at 583p. Tins, Goever held steady at 213p in the wake of the full-year

The absence of a decided trend overnight Sydney and Melbourne markets — which returned from a public holiday — left Australians with minor changes in either direction. Golds tended to weaken further—Gold Mines of Kalgoorile dipped 10 more to 455p, Central Norseman lost 5 to 408p and Poseidon 3 to 200p — but the leading diversified issues generally registered small gains.

The absence of a decided trend

### **NEW HIGHS AND**

LOWS FOR 1985 NEW HIGHS (46) BRITISH FUNDS (1) Trees, 3pc 1987 Blockleys Sharpe & Fisher STORES (4) Hepworth (J.) Johnson operation.

In Financials, Aitken Hume
rose 6 to 158p following sharply
rose 6 to 158p following sharply

The Brett (Andre) Share Drug

Brett (Andre) Share Drug

Folks N-V Engineering (9)

Folks N-V Brettand (1) The oil majors remained a

HOTELS (1)
London Park Hotels (1)
INDUSTRIALS (1) LEISURE (1)

MOTORS (2)
Brameli
PROPERTY (3)
unties Regalia: Perk Place Invs. NEW LOWS (80)

AMERICANS (4)
Cenergy Corp.
IU Inti.
CANADIANS (1) Bow Valley
HK & Shangkal BUILDINGS (3)
Fersimmen Wiggins Group Yorks (3)
House of Lerose

Allied Concrete

Amber Day

Castle (G. B.)

As Electronic Lorin Elect.

A. & G. Sec. Alarms

Micro Focus

CPS Computer

Cambridge Elect.

Circaprint

Conc. Microwave

Conc. Mic

Plaxtons (GB) PAPER (1)

130 140 160

Gourtauld (\*140)

**OPTIONS** Deal- Deal- DeclaraDeal- Deal- Declaraings ings tion ment
June 10 June 21 Sept 12 Sept 23
June 24 July 5 Sept 26 Oct 7
July 8 July 19 Oct 10 Oct 21 For rate indications see end of

Bulgin A, Bryson, Brent Walker, Combined Technologies, Helene of London, Plessey, Parkfield, Premier Oil, GEC, Beatrix Mines, "The Times" Veneer, Francis Summer and Emray. No puts were reported, although doubles were taken out in Parkfield and West Coast.

# **MONDAY'S**

**ACTIVE STOCKS** 

ial List.

No. of changes
... 15
... 15
... 14
... 12
... 12
... 12
... 12
... 12
... 12
... 12
... 11
... 11
... 11 close 396 434 185 375 203 398 203 189 540 211 750 214 276 718 \* Partly paid, † 82% Cnv. stk. 2000 (nil paid). Uns. Ln.

		LVI	4DA	K	IKA	DED O	PIR	)M2	•				
	ALLS			PUTS	. 1	·		c	ALLS			PUTS	
Jly.	Oct	Jan.	Jly.	Oct	Jan.	Option		Aug.	Nov.	Feb.	(Aug.	Nov.	Feb.
80 42 12 2	95 60 28 13	75 45 25	3 7 26 75	7 17 33 78	22 40 63	LASMO (*273)	260 280 293 300 323	30 18 12 -7	42 88 20  14	55 40 28	9 18 27 55	14 25 38 55	17 80  58
77 40 16	95 62 37	70 42	2 8 30	18 47	26 55	Lonrho (*171)	140 160	5 58 19	24	! 2e	112	83	810
13	20	22	77		90		180 200	712 5	12	16	13 32	16	194
112	12 44	16	22 22	23	9 24	P. & O. (*361)	330 350 360	70 45 23	50	60	3	7	
47 50 16	50 55 23	48 32 20	3 4 9	7 15	11 17		390 420	10	35 18 —	45 25	12 32 60	80 87	2 6 38
10 4 2	13 19 8	26 14	9 26 46	28 12 28 46	27 13 28	Racai (*186)	180 200 220 240	20 10 4	26 14 7	34 20	81 36 56	12 24 38	14 28
1 1	!		66		_=	R.T.Z. (*577)	550	50 26	62 35	70 43	3 33	16 48	24
20 10 3	30 18 .7	25 11	18 45	9 23 50	12 27 52		660 700	2	18	_=	77 187	82 138	55 
77	90 (	104	4	8	16	Vaal Reefs	80	13	15	1714	354	54	75

Grand Met (\*000: 0.4 0.4 1.6 70 38 20 5 85 53 32 46 20 5 58 51 4 14 87 55 | 1 6 51 | 6 7 18 | 25 12 68 45 30 15 Aug. Nov. Feb. Aug. 40 | 50 | 18 | 30 | 61g | 15 | 21g | 7 57 35 23 6 32 .. 9 25 62 32 33 18

Shell Trans. | 600 | 650 | 650 | 700 | 750 | 800 |

3.58 3.40 111.12 +0.03 111.09 †Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is

2 7 4 3 14 30 36 20 10 4 30 21

June 11 Total contracts 7,164 Calls 4,026.

980 12 1985

INDAY 5 TIVE STOCK

# WORLD STOCK MARKETS

•	AUSTRIA					
	June 11 Price + or	GERMANY June 11 Price + or	NORWAY June 11 Price + or	AUSTRALIA (continued) Price + c	or JAPAN (continued) Price + June 11 Yen -	CANADA
:	Creditanstalt   553 +8   8   6   6   6   6   6   6   6   6	AEG Telef 135.8 + 2.8 Allianz Vers 1252x + 62 BASF 225 + 1.1 Bayer 225.8 + 2.8 Bayer-Hypo 349 - 2.7 Bayer-Versin 381 - 2.7	Remons Sank 157.5 ±1.6	Gen. Pro. Trust. 2.21 -0.	D.01 MtHI	4 Sales Street High Jan Dan San Color Cond. High Jan Dan Sales Street Much Jan Dan Dan Color Street High Jan Color Cond. High Jan Char Color Col
	Laenderbank	1 DUF =	DenNorske Cred 149.5 —0.1 Elkem	Hartogen Energy 5.1 —0. Herald Wy7 imes 4.35 ICI Aust 1.9 —0. Jimberlana F.P. 0.5 +0. Kia Ora Gold 0.15 Lend Lense 6.8 —0.	0.65 NGK Insulators 815 + 0.61 Nihon Cement 302 - 0.61 Nippon Denso 1,290	5 2200 Conventrs \$65a 65a 55a 500 Lacana \$111, 111, 111, 4950 Tara \$201, 20 201, 4
•	BELGIUM/LUXEMBOURG	Commerchank 205.7 +0.7	Storebrand 275 -1	5 MiM	OI Nippon Kakan 140 +4	532 Denison A p 513 <sub>2</sub> 13 13 7/025 McLan R x 515 145 <sub>3</sub> 145 <sub>4</sub> - 1 <sub>6</sub> 13040 107 Dm B 3-23 224 <sub>4</sub> - 18678 Danison R f 5121, 12 121 <sub>4</sub> + 1 <sub>4</sub> 21877 Meriand E 415 410 416 - 5 (2850 Toronto B f 5125) 8 225 <sub>4</sub> + 1
	B.S.L	D'sche Babcock. 157 -4	SPAIN  June II Price + or Ptage	Nicholos Kiwi 1.75	Nippon Seiko 524 + 1 Nippon Shimpan 666 103 Nippon Steel 160 + 1	2700 Agrico E 5161 <sub>8</sub> 18 161 <sub>8</sub> +1 <sub>8</sub> 2942 Dickman A 1 563 <sub>8</sub> 61 <sub>6</sub> 61 <sub>6</sub> 100 Motson B 5173 <sub>8</sub> 175 <sub>8</sub> 175 <sub>8</sub> 175 <sub>8</sub> 175 <sub>8</sub> 1 100 Motson B 5173 <sub>8</sub> 175 <sub>8</sub> 1 100 Murchy 5211 <sub>2</sub> 211 <sub>2</sub> 1 13900 Trinity Res 370 360 360
	Bakkert B	Dresdine Bank 249 xd + 2 GHM	Boo Bilbao 349	Pancont'	Nippon Yusen 312 +1 .1 Nissan Motor 628 +1 .61 Nissan Flour 530 -2	12 Algorita St \$22% 22% 22% 22% 22% 2 220 Dytex A \$44% 44% 100079 Nvs AltA ! \$65 65 65 65 - 18 225897 Turbo ! 65 60 63 + 6400 Andrs WA ! \$255 25% 25% 25% 25% 25% 25% 55% 55% 55%
	ESES 3,035 -20 Electrobel 8,580 -120 Fabrique Nat. 2,000 -20 GB Inno BM. 5,630 -190 GBL (Bruzt 1,880 -20 Geveert 3,850 -30	Horten 1802	Sec Sentral   Sec	Repco	Nisshin Steel	4900 Alco I 591 9 9 150 C Falcon C \$163, 163, 163, 163, 163, 163, 163, 163,
	1000ken 5,570 —30	KHD	Hidrola   82.5 - 1.2	7 Tooth	.05 Ricoh	300 Bation A f \$173, 173, 173, 173, 173, 173, 173, 173,
	Patrofins	Lufthansa	SWEDEN June 11 Price + or	Woodside Petroi 1.43 : -0. Woolwortha 2.73 · -0. Wormald Intl 3.6		Solid   Soli
ď	Stanwick Inti	Munech Rueck 1.788 .45	Kronor -	HONG KONG	Shionogi	3100 Brenda M S01 61 61 61 62 62 61 61 61 61 62 61 61 61 61 61 61 61 61 61 61 61 61 61
	UCS	Preussag	AGA	H.K. 8	Stomo Marine 7037	15500 Brutnewk 5134, 13 13 13 - 14 1200 GL Forest 521 2034 2054 4800 Roman 51076 1076 1076 1076 3250 CAR 317 1876 177 2800 CCL A 31514 157 1572 2000 Greymon 3255 25 25 - 34 4800 Roman 51076 1076 1076 1076 3257 2576 - 34 4800 Roman 51076 1076 1076 1076 1076 3257 2576 - 34 4800 Roman 51076 1076 1076 1076 1076 3257 2576 - 34 4800 Roman 51076 1076 1076 1076 1076 1076 3257 2576 2576 - 34 4800 Roman 51076 1076 1076 1076 1076 1076 1076 3257 2576 2576 - 34 4800 Roman 51076 1076 1076 1076 1076 1076 1076 1076
	June 11 Price + or Knr x	Thysen 111.2 +5.2 Varta 226 +1 Veba 204 +4 V.E.W. 157.9 +1.9 Volkswagen 328	Ericsson 295 +1 Ericsson 296 -1 Essette 365 Mo och Domsjo_ 155 xc -3 Pharmacia 188 -1	Evergo	1 Taihei Dengyo 518 -1 13 Taihei Corp 256 -1 15 Taihei Corp 256 -2 0 Taihei Pharm 1.130 +2 1 Taihei Pharm 870 -8 15 TOK 4,780 +4 1 Teilin 450 -3	4500 Cad Frv 5154 15 15 - 7 500 Heyes D 5104 107 1072 - 8 11336 Seers Can 557, 936 912 + 8 33256 Bank Mont 5297 2914 2914 11405 Shell Can 5284 257 258 258 259 259 259 259 259 259 259 259 259 259
	Andelsbankan 298 +4 Baltic Skand 680 CopHandelsbank 292 +10 D. Sukkerfab 500	ITALY	Skan Enski'da 48.5 -0.5	HK Land	7 Taksda 470 -0 10 Tok. 4.760 +4 Tellin 450 -3 7 Telkoku 751 +1 Tokio Marine 928 +8 10 Tokyo Eiect Pwr 2,080 -2 Tokyo Gas 229 -2	SEZ770 CTIRe A   S976   S974   S974   S974   S774   S974
	Andelsbenken 298 +4 Baltic Skand 580 +4 CopHandelsbank 292 +10 D. Sukkerfab 500 Danske Bank 315 +7 De Danske Luft 1,145 East Asiatio 242 +2 Forenede Brygs 935 Forenede Damp 152 -1	June 11 Price .+ or	St Kopparbergs. 141	New World Dev 6.65 —0.1 Onent O'seas 2.1 —0.1 Oseas Trust Bk 3.15 SHK Props 10,8 —0.1	Tokyo Style 945 -3 9 Tokyu Corp 426 -4	· · · · · · · · · · · · · · · · · · ·
	1.8.\$.B. 431 -4 Jyske Band. 555 -15 Novo Ind 1,700	Bastogi-IRB\$ 21,700 + 1,280 Bastogi-IRB\$ 235.5 + 7.5 B.I-invest	SWITZERLAND	Swire Pac A 20.9 - 1.1 TV-B 5.7 - 1.1 Wheel'k Mard A. 7.25	8 Toray 465 375 +4	LONDON
	Privatbanken	Finsider 5,380 + 130 70.2	June 11 Price + or Frs. Alusuisse 803 + 2	World Int. Hidns. 2.1 +0.	- Victor	(tinds) (tinds) (tinds) (tinds)
	FRANCE '	A Rinascenti	Alusuisse 803 + 2 Bank Lsu 5,800 + 25 Brown Boveri 1,730 + 20 Ciba Geigy 5,165 do (Part Certs) 2,480 - 5 Credit Suisse 2,670	June 12 Price + or Yen : —	Yokogawa Bdge. 520 1 —1	OneBcp 28e 984 195 197 197 197 2 177 187 177 Syntrex 60 37g 35g 35g 35g 5 T Syntrex 60 37g 35g 5 T Syntrex 60 37g 35g 5 T Syntrex 60 37g 35g 35g 35g 35g 5 T Syntrex 60 37g 35g 35g 35g 35g 35g 35g 35g 35g 35g 35
ļ.	June 11 Price +or Fra	Snia BPD	FishenGeg.),,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Asahi Chem 1.010 + +10	June. II Price 🕂 o	Orbanc 18 17% 17% 17% 17% 17% 17% SCI Sy 297 12% 11% 11% System 512 87 8% 8% 1 4 Argyll Group 320 +12 Orbit 278 6% 6% SE 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5%
	Emprunt 7% 1573 8,260 - 20 Accor	NETHERLANDS	Jacobs Suchard. 6,860xr' +25 Jelmoli 2,310 -70 Landis & Gyr 1,740;	Asahi Glass	Boustaad Hidgs. 1.66 —0. Cold Storage 2.51 —0. DBS 6.05 —0. Genting 6.2 —0.	11 OwenM 40 47 211, 21 211, 1 Saleco 1.50 806 421, 42 421, 5 TacVivs 60 51, 51, 51, 51, 51, 51, 51, 51, 51, 51,
	Bouygues	June 12 Price + or Fis - ACF Holding 215 , +4.5	Pireli	Citizen 45! +3 Daiel 737 +2 Dai Nippon Ptg 1,160 -10 Daiwa House 670 -9 Ebara 425 -1	Haw Par. Bros 2.250. Hong Leong Fin 2.90 Inchespe Bhd 3.380. Keppel Shipyard 1.58 +0. Malay Banking 6.000.	PNC 2.32 49 80% 5978 80% 1 SePaul 3 1018 7012 7016 7034 1 TeCom 5 85 85 85 85 Execution
	Cofimeg 298.75,5 Damart 2,17010	Ahold	Surueillance 4,620	Eisal	Malay Utd. Ind 8,44 —0, Multi Purpose 0,85 —0, OCSO 9,20	2 Panetht 13 68 84 74 8 ScanOp 112 84 85 85 Telepict 228 284 254 254 254 2 Nurdin
	Dumex S.A	Bos Kalis Westm. 19.9	Swiss Reinsee 11,800 -100 Swiss Volksbk 1,660 -10 Union Bank 3,950 -10 Winterthur 4,875 -25 Zurich Ins 25,070 -10	Fujisawa		78 Peycho: 46 14 1374 1374 15 Scitex 257 16 1572 1554 1 Teaches 25e 50 16 16 16 16 16 16 Resource Tech 40 + 10 Peycho: 46 14 1374 1374 1 SeeGal 35 914 874 1 TherPr 375 1074 934 1075 1 Royal Insurance 680 + 20
	Gen. Occidentale: 750 — 12	Dordtsche Pet'm 171.31.9 Elsevier NDU 121 +0.5 Fokker 131 +1.5	AUSTRALIA June 11 Price + or	He:wa Real Est 935 + 29 Hitachi	SOUTH AFRICA June. 11 Price   + or	PegGid .00t 226 8t, 776 76 776 776 776 776 776 776 776 776
	Legrand	Heineken	Aust 8. — ANZ Group 4.45 Alliance Oil Dev. 1.15	Hoya	Rand —  Abercom ——— 1.55 +0.	Primet 2:8 7 65 65 5 Syriets 948 2412 2412 1018 105 105 105 105 105 105 105 105 105 105
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Сопера	site	126.35*	120.51	189.50	791-96	190.16	150.84	191.96 (8/8)	163.58 (4/1)	191,95 (6/6/89)	4.48 (1/8/32)	JAPAN** Nikkei-Dow   16:5:45: Tokyo SE New (4:1:4
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# FINANCIAL TIMES WORLD STOCK MARKETS

**WALL STREET** 

# **Indecision** before further data

INDECISION persisted during trading on Wall Street yesterday as professional traders and investors awaited further indications on the progress of the U.S. economy, writes Terry Byland in New

Attention is focused on federal data expected later this week relating to retail sales, consumer credit and industrial production which may dispel the uncertainty restraining the markets.

The comment from Ms Martha Seger. a Fed Governor, that the board is pursuing a "very flexible" monetary policy failed to give a much awaited lead. At 2pm the Dow Jones industrial aver-

age was 4.37 lower at 1,314.07. The Federal bond market remained steady, and the Treasury bond futures contract, which broke through a significant resistance point on Monday, continued to advance. Utility stocks, often an indicator of views on interest rates, were firmer. But the rest of the stock market traded around its recent levels, with takeover stocks and special situations providing the features.

The blue chip equities, however, weakened at mid-session after another round of unsettling news from the technology sector. Burroughs and Sperry disclosed workforce layoffs, and North American Philips and Storage Technology predicted reduced profits.

The gloomy news from the technology sector reversed an attempt by the market to rally from a dull start. Stock in North American Philips, which has technical and licensing agreements with Philips of Eindhoven, the Dutch electronics firm, tumbled by \$3% to \$38% after predicting a loss for the quarter and the full year. The board's reference to worldwide competition follows similar comments from the consumer electronics industry.

Storage Technology, already under Chapter 11 of the bankruptcy laws eased by \$% to \$2% following the board's forecast of a \$30m loss for the first quarter of the year.

At \$60%, Burroughs were \$% off, after an initial rise melted away following the layoff of workers. The rest of the hightech sector looked glum. IBM at \$126% was \$1 down in thin trading and others to turn down included Control Data \$% off at \$30%, and Digital Equipment down \$3 at \$95½ in brisk trading.

But the acquisition by General Motors of Hughes Aircraft reignited bid interest in some technology stocks. Wall Street knows that both Boeing and Ford Motor were active in the bid contest for Hughes, which was finally knocked down to General Motors for \$5bn.

Ford held steady at \$45%, and Boeing at \$44½ was off \$%.

Gulfstream Aerospace at \$18% gained \$% on reports that Chrysler, already holding an option on 20 per cent of Gulf at \$19 a share, plans to buy the rest of the equity. GM added \$% to \$74% and Chrysler \$\% to \$36\%.

In the search for the next technology bid victim, speculators pushed Grumman, the defence aerospace and passenger vehicle group, to \$33%, a net gain of \$3% despite the board's denial of any known reason, and its comment that

Silver (spot fixing)

Copper (cash)

Coffee (July)

\$311.01

\$312.65

\$317.20

\$311.69

\$313.25

S316.90

Paris (fixing)

Lucembouro

New York (Aug)

£1,125.50 £1,123.50

£2,068.50 £2,072.50

\$26,425

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much of the stock is held by past and present employees.

Also active was Sperry, another take-over favourite, which jumped to \$56, before news of workforce reductions took

the stock back to \$55%, a net gain of \$%. Other aerospace issues were mostly a shade easier. United Technologies eased by \$1/4 to \$44% and General Dynamics by \$% to \$73%.

Oil stocks were slightly firmer after several weak sessions. Exxon added \$% to \$51% but Atlantic Richfield at \$58% gave up \$\%.

In a mixed airline sector, United plunged by \$1% to \$56% in hefty turnover as investors realised that the plan to recapture \$960m from the pension plan reduces United's exposure as a takeover target. The other domestic car-riers edged higher but Pan American shed \$\% to \$6\%.

In pharmaceuticals, Syntex gave up a further \$1% to \$62% and Merck at \$110% lost a further \$% of the recent gain. Pfizer, also vulnerable to dollar worries, gave up \$% to \$48%.

Bank stocks were unaffected by the proposed IMF loan agreement with Argentina which reduces the dangers of a downgrading of bank debts. Manufacturers Hanover, a major creditor, added \$\% to \$39\% but BankAmerica at \$19\% lost \$1/4. Bankers Trust slipped \$7/4 to \$72% after two large blocks had been traded.

The success of the weekly treasury bill auction brought modest dips in short-term market rates. Bonds traded a shade below overnight, but saw little

TOKYO

# Tempo rises on increased confidence

A SHARP revival of buying interest towards the close of trading in Tokyo yesterday boosted the prices of large-capital stocks, writes Shigeo Nishiwaki of Jiji

The Nikkei-Dow market average surged 75.59 points from the previous day to 12,758.93. Volume increased to 437.63m shares from Monday's 348.11m. Gainers matched losers at 413, with 124 issues unchanged.

The Tokyo Stock Exchange index of all first section stocks added 3.95 points to a record high of 1,008.85, eclipsing the previous peak of 1,006.96 set on March

The market opened quiet, maintaining the previous day's bearish tone, but it gathered steam in the afternoon, supported by massive buy orders for largecapital issues.

The most actively traded issue was Mitsubishi Heavy Industries with 29.95m shares changing hands. It fell to Y296 at one stage on foreign selling of 3m shares, but was bought briskly by institutional investors later to close Y14 higher at this year's new high of Y312.

Large steel groups fared well, with Nippon Steel, the second busiest issue with turnover of 19.11m as it rose Y5 to Y160. Sumitomo Metal Industries and Kawasaki Steel both advanced Y4 to

Blue chips gained strength on a wide front. Hitachi finished Y15 higher at Y745 after leaping Y33 to Y763, with its volume increasing from Monday's 1.75m shares to 3.58m. Matsushita Electric Industrial gained Y30 to Y1,460, Sony Y80 to Y4,170, Nippon Kagaku Y30 to Y1,230 and Minolta Y42 to Y816.

Biotechnology-related issues were in the spotlight. Shionogi added Y30 to Y845, Yamanouchi Pharmaceutical Y140 to Y2,810 and Kuraray Y40 to Y1,060. But Asahi Chemical lost Y10 to Y1.010.

Nippon Yusen, the third most active stock with 10.69m shares traded, jumped Y14 to Y312, reflecting investor expectations for transportation deregulation. Sumitomo Metal Mining, fourth with 10.39m shares, jumped Y90 to Y1,960.

Recently selected constructions were bearish. Ohbayashi shed Y5 to Y320 and Taisei Corp Y7 to Y256.

Bond trading was active, notably on the inter-broker market, in reaction to the strong performance of the U.S. bond market. The yield on 7.3 per cent government bonds, due in December 1993, fell sharply from the previous day's 6.520 per cent to 6.460 per cent.

### **SOUTH AFRICA**

INDUSTRIALS ended mixed but gold shares continued to recover in Johannesburg, recouping some of the previous day's sharp losses.

Randfontein added R4 to R188 and Loraine gained 35 cents to R9.25 while Driefontein, which subsequently announced a higher final dividend, put on 90 cents to R46.65.

In mining financials, Anglo American rose 40 cents to R28.65 but Gold Fields fell R1.75 to R31.25.

### CANADA

HEAVY trading took Toronto slightly higher, although minerals and oil and gas stocks saw small losses.

Turbo Resources, 7 cents higher at 65 cents, rose in active trading after an Alberta court approved the company's financial reorganisation.

In energy issues, Imperial Oil added CS% to C\$49%, but more typical of that sector was Texaco Canada C\$1/4 lower at C\$32% and Dome Canada down C\$% to

EUROPE

# Frankfurt experiences euphoria

A EUPHORIC tone returned to early trading in Frankfurt yesterday as foreign and domestic buyers re-emerged to assert control and steer the market to a new record.

The Commerzbank index rose to its third peak for the month with a 13.3 rise to 1.369.9 spurred by support for a broad range of leading industrial issues.

The market's resilience following Monday's profit-taking, surprised market observers, particularly as it was displayed during the height of the tradi-tionally dull German dividend season. Many stocks closed off their peaks as

caution surfaced during the afternoon after the influx of foreign buying orders. News that a major subsidiary of the large insurance group Allianz was expecting good results for the current year sent the stock's shares surging DM 62 to DM 1,352, stamping it as one of the most

significant improvers of the day. Daimler also returned to favour after Monday's selling and led an automotive sector higher. The stock added DM 9 to DM 818. BMW, its major rival, caught up with Daimler's recent advances and closed DM 33.3 higher at DM 419.80. Volkswagen closed DM 3.90 higher at DM 278.50.

Banks, while experiencing renewed interest, were sheltered from most of the buying. Dresdner firmed 70 pfg to DM 228.20 and Commerzbank shared the same increase to end at DM 205.70. Among electrical stocks, Siemens finished up DM 10 to DM 574.50 while, AEG, long ignored during the upward drift finished DM 2.80 higher at DM

The bond market was stronger on increased volumes. The Bundesbank sold DM 14.1m after buying DM 28.0m on Monday.

Profit-taking from foreign sources clipped back prices in Paris, while domestic buying sources were dampened by a forecast that France's gross domestic product growth would fail to match last year's level.

Banking issues were the weakest, although engineering stocks also failed to attract interest.

Générale des Eaux came back after Monday's increase to close FFr 17 lower at FFr 733, while Moët-Hennessy continued its climb to close FFr10 higher at FFr 2,685.

Prices in Brussels continued to slide on thin volume, although traders said the fall was a further reaction to recent advances and did not reflect the mar-

ket's underlying strength. Wagon Lit was at the forefront of the profit-taking, easing a further BFr 100 to 3,300, while the retail group, GN Inno fell BFr 190 to BFr 3,630.

There was a stabilisation of prices in Amsterdam after the selling of the past few days. However, most stocks did little better than hold their levels in quiet

Aegon was in particular demand ahead of its two-for-one split, which be-comes effective on Friday, and closed Fl 3.50 higher at F1 200.0.

Royal Dutch was again hit by the fears of a cut in oil prices and eased Fl 1.30 to Fl 192.0, while another international, Unilever added FI 1.60 to FI 348.0. Most sectors in Zurich closed little changed as the market continued its consolidation in the wake of the strong

Bank stocks were irregular with Credit Suisse firming SwFr 5 to SwFr 2,670, while the Union Bank and the Volksbank shared SwFr 10 declines to close at SwFr 3,950 and SwFr 1,660 respectively. Several issues rose to record level in

Milan as the market reacted favourably to the outcome of the referendum on wage fixing. There was a marked increase in the

volume of business as both local and foreign investors moved into the market. Fiat climbed L184 to L3,445 to hit a record while Olivetti firmed a further L210 to L8,790. Montedison was another stock

to hit a peak with a L58 rise to L1,779. Madrid maintained its recent downward trend with banks again singled out for light selling. Shares in Stockholm were again thin-

ly traded with the Veckans Affarer index down 1.1 at 160.1.

### SINGAPORE

THE UNEASE in Hong Kong flowed into Singapore and left investors worried over the extent to which local companies may be exposed to the rescued Overseas Trust Bank.

Speculation that Tan Swoon Swan, a local businessman, may hold credits from OTB took stocks in his companies lower. Supreme Corp plunged 8 cents to S\$1.42, Grand United fell 6 cents to S\$1.32 and Sigma Metal shed 5 cents to

LONDON

# **Modest rally** as mood brightens

A BRIGHTER picture was presented in London, despite a continuing dearth of

The easing of inflationary pressure, as shown by the small rise in raw material prices in May, gave a boost to underlying sentiment and the FT Ordinary

share index added 7.1 to 998.4. Current bid candidates were favoured. Tate & Lyle rose 10p to 512p and Boost was 8p ahead at 193p. Elsewhere, some

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of the more recent speculative favourites encountered further profit-taking.

Monday's rally in U.S. bonds together with sterling's overnight improvement and the raw material trend helped promote a small recovery in Government stocks. However, business was extreme-

ly light and long-dated stocks edged shead to settle with gains ranging to %. Chief price changes, Page 39; Details, Page 38; Share information service, Pages 36–37

### **AUSTRALIA**

TRADERS seemed reluctant to get back into gear after the holiday weekend in Sydney and prices ended easier in dull trading.
Uncertainty over commodity prices

and taxation reforms kept foreign buyers on the sidelines and the All Ordinaries index dropped 1.5 to 856.6.

Industrials, however, held their ground against the trend. Barrack added 75 cents to A\$2.75, Lend Lease put on 4 cents to A\$6.80, while Castlemaine stayed steady at A\$5.80.

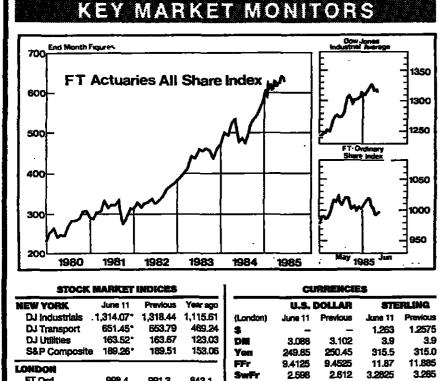
### **HONG KONG**

RUMOURS that two more Hong Kong banks may be in trouble sent prices sharply lower.

Speculative selling in the banking sector saw Hang Seng Bank move HK\$3 easier to HK\$46.75, Bank of East Asia drop HK\$1.40 to HK\$23.50 and Wing Lung Bank HK\$3 to HK\$37.50.

Investors were also concerned about future prospects for Hongkong Industrial and Commercial Bank's shares which were suspended from trading on Friday after OTB's insolvency. The issue last traded at HK\$3.80.





NEW YORK	June 11	Previous	Year ago	1	U,	S, DOLL	AR	STE	RLING
	1,314.07*		1,115.61	(Londo	an) June	11 Prev	ious Ji		Previous
DJ Transport	651.45*	653.79		\$			_	1.263	1.2575
DJ Utilities	163.52*	163.67 189.51		DM	3.0		102	3.9	3.9
S&P Composite	189.26*	109.01	133.06	Yen	249.			315.5	315.0 11.885
LONDON				FFr SwFr	9.41: 2.5			11.87 2825	3.285
FT Ord	998.4	991.3	843.1	Guild				4.395	4.395
FT-SE 100	1,308.1	1,299.6	1,075.9	Lira				476.0	2.481.0
FT-A All-share	632.00	629.24	498.53	BFr			2.55	78.6	78.6
FT-A 500	691.45	688.72	545.36	CS		/a 1.	373 1	.7315	1.7275
FT Gold mines	424.4	421.9 10.68	658.3	l					
FT-A Long gilt	10.64	10,00	10.70	i —	Ħ	(TERES	T RATE	3	
TOKYO				Euro	CUITODO	<b>9</b> 5		lune 11	Prev
Nikkei-Dow	12,758.93			(3-mo	nth offere	d rate)			
Tokyo SE	1,008,80	1,004.90	800.58	1	£ Swfr			va va	12'7 <sub>16</sub> 5%
AUSTRALIA				l	DM			/a	5%
All Ord.	856.9	858.3	679.8		FFr			n/a	10%s
Metals & Mins.	511.8	516.0	454.0		<b>ed rate)</b>	erbank	fixing		
AUSTRIA				COLIGIC	3-monti	USS	7	713/14	713/14
Credit Aktien	101.60	100.48	54.68	l	6-mont		į		8
					Fed Fund			7/10	7%
BELGIUM Belgion CE	2 240 46	2.369.76			I-month ( I-month )			7.45° 7.15°	7.50 7.21
Belgian SE	2,348.40	2,309.70					•	.13	1.21
CANADA				l —		II 6 B	2000		
Toronto				í —		U.S B			
Metals & Minis	1,919.4° 2,714.6°	1,935.8 2,723.6	1,958.0 2,250.9	Trees	KITY		11"		J.SA.
Composite  Montreal	2,7 14,0	2,723.0	2,230.8			Price	Yield	Price	
Portfolio	132.78*	133.48	109,47	9% 11%	1987	10021/22	8.75	1001%	
				11%	1992 1995		10.027 10.104		2 10.076 2 10.14
DENMARK				111%	2015		10.412		10.46
SE	n/a	11/8	185.16		orate	June		Pri	
FRANCE				AT &		Price	Yleid	Price	
CAC Gen	230.3	230.7	171.6	10% .	June 1990	101%	10	101%	10
Ind. Tendance	129.3	129.8	88.4		July 1990	81.00	8,60	81.00	
WEST GERMAN	1				May 2000	84%	10,90	841/2	10.90
FAZ-Aktien	464.68	459 85		Xerox	: March 199	9 10096	10.55	100%	10.55
Commerzbank	1,369.9	1,356.6	1,007.5		ond Shami		10.35	10078	10.35
HONG KONG					<i>ию эпши</i> М <b>ey</b> 1993	100	10.65	100	10.65
Hang Seng	1,492,13	1,571.87	966.12	1	ated Dect		.0,00	.~	10.63
ITALY					May 2013	94%	11.25	94%	11.25
Banca Comm.	325.34	314.3	203.62	Abbo	-				
NETHERLANDS					Feb 2013	105%	11.20	105%	11.20
ANP-CBS Gen	213.8	213,4	157.2	Alcon					
ANP-CBS Ind	178.8	177.9	125.2	12% [	Dec 2012	104%	11.75	104%	11.75
	170.0	11110	160.5						
NORWAY			***		EIM/	INCIAL	ÉMI	OFS.	
Oslo SE	340.02	341.46	259.26	l —					
SDIGAPORE				CHIC		Latest	High	Low	Prev
Straits Times	797.97	803.21	939.69	U.S. 7		Bonds (	ÇBIŞ		
SOUTH AFRICA		_		June	inds of 100		78-23	מת פל	77 04
Golds		945.9	984.9		Treasury			/ <del>0-</del> 00	//-31
Industrials		962.2	957.6		points of 1	-	,		
				Sept			92.79	92.72	92.71
SPAIN					ficates of				
Madrid SE	109.69	110.14	86.28		points of 1	-			
SWEDEN				June			92.57	92.52	92.53
J&P	1,351,14	1,348.36	1,429.88	LOND	ON				
					-wonth		ier		
SWITZERLAND	49E 4	495 9	264 0	\$1m;	points of 1				
Swiss Bank Ind	435.4	435.3	364.0	Sept			91,94	91.86	91.83
WORLD	June 10	Prev	Year ago		ear Notic	<b>-</b>			
Capital Int'l	212.1	213.0	179.2		00 32nds (		100 - 1	400	400
	D (a	moo!		June		106–16	10614	106-05	105-11
GOL	D (per ou			<b> </b>					
l and		une 11 315.25	Prev \$312,25	l	C	OMMO	DITIES	,	
London	_	315.25	\$312.35	(Londo	n)		Jano	11 P	rev
Zürich Bosin (fision)		13.23 1311 <b>6</b> 9	\$311.01		ii) (spot fixin	a)	485.9		482_10p